



CHEN XING

Chen Xing Development Holdings Limited
辰興發展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock code: 2286 股份代號：2286

2025
ANNUAL REPORT
年度報告



誠以致遠
信達天下

金湖庭院
GOLDEN LAKE COURTYARD

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Bai Xuankui (*Chairman*)
Mr. Bai Wukui
Mr. Bai Guohua
Mr. Dong Shiguang

Independent Non-executive Directors

Mr. Tian Hua
Mr. Qiu Yongqing
Ms. Gao Jianhua

COMPANY SECRETARY

Ms. Lee Angel Pui Shan
(resigned with effect from 27 March 2026)
Ms. Au Wing Han
(appointed with effect from 27 March 2026)

AUTHORIZED REPRESENTATIVES

Mr. Bai Guohua
Ms. Lee Angel Pui Shan
(resigned with effect from 27 March 2026)
Ms. Au Wing Han
(appointed with effect from 27 March 2026)

AUDIT COMMITTEE

Mr. Tian Hua (*Chairman*)
Mr. Qiu Yongqing
Ms. Gao Jianhua

REMUNERATION COMMITTEE

Mr. Tian Hua (*Chairman*)
Ms. Gao Jianhua
Mr. Bai Xuankui

NOMINATION COMMITTEE

Mr. Bai Xuankui (*Chairman*)
Mr. Qiu Yongqing
Ms. Gao Jianhua

AUDITOR

BDO Limited
Certified Public Accountant
25th Floor, Wing On Centre
111 Connaught Road
Central, Hong Kong

LEGAL ADVISORS

As to Hong Kong law
Jingtian & Gongcheng LLP

As to PRC law
Shanxi Dingzheng Law Office



CORPORATE INFORMATION

REGISTERED OFFICE

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
China Merchants Bank Co. Ltd.
China Construction Bank Corporation
Bank of China Limited
Bank of Shanxi Co., Ltd.

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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Wanchai, Hong Kong

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited
(the "Stock Exchange")

STOCK CODE

2286

COMPANY WEBSITE

www.chen-xing.cn

FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of Chen Xing Development Holdings Limited (the “**Company**”) hereby announces to the Company’s shareholders (the “**Shareholders**”) the audited annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 (the “**Reporting Period**”) together with the comparative figures for the year ended 31 December 2024.

FINANCIAL HIGHLIGHTS

- Contracted sales of the Group for the Reporting Period amounted to approximately RMB160.6 million and the corresponding contracted gross floor area (“**GFA**”) amounted to approximately 19,410 sq.m., representing a decrease of approximately 26.3% and a decrease of approximately 41.3% comparing with the same period last year, respectively;
- Revenue of the Group for the Reporting Period amounted to approximately RMB152.9 million, of which approximately RMB151.6 million was revenue from property development;
- Gross loss of the Group for the Reporting Period amounted to approximately RMB63.3 million, of which approximately RMB64.6 million was gross loss from property development;
- Net loss of the Group for the Reporting Period amounted to approximately RMB271.6 million, of which approximately RMB271.3 million was net loss attributable to owners of the parent of the Company;
- Total GFA of land bank of the Group amounted to approximately 2,116,996 sq.m. and the average cost of land bank was approximately RMB881.7 per sq.m. as at the end of Reporting Period;
- Contracted average sales price (the “**Average Sales Price**”) of the Group for the Reporting Period was approximately RMB8,274.1 per sq.m.;
- Basic loss per share of the Company for the Reporting Period was approximately RMB0.45; and
- The Board has resolved not to declare a final dividend for the year ended 31 December 2025.



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I present the annual results of the Group for the year ended 31 December 2025.

REVIEW OF ANNUAL RESULTS FOR 2025

In 2025, the policy keynote for China's real estate market remained "progress steadily while maintaining stability", and the year 2025 was a pivotal year for the market to make a smooth transition from in-depth adjustment to a new development model. The government comprehensively promoted the high-quality development of the real estate industry and issued a series of policies covering development, financing, sales and other aspects to establish a new development model for real estate. With the construction of "high-quality housing" as the core direction of industrial transformation, the government defined a transition path from quantity growth to quality improvement. Local governments continued to strengthen targeted policies based on city-specific conditions, increasing the supply of different types of housing. First-tier cities adjusted the standards for ordinary residential housing to reduce transaction costs; most second and third-tier cities abolished housing purchase and sales restrictions, shifting the policy focus to "destocking" and "stabilisation of housing price".

In terms of land supply, against the backdrop of cautious attitudes from both supply and demand sides, the overall transaction volume of the land market remained low in 2025. Local governments adopted a land supply strategy of "reducing volume and improving quality", revising down residential land supply plans, especially cutting land transfers in areas with prolonged destocking cycles. Meanwhile, the structure of land supply was further optimized, with the proportion of land for affordable housings and rental housings continuing to rise. Certain hot cities launched a small number of high-quality land parcels in core areas to boost real estate enterprises' willingness to acquire land. Real estate enterprises adopted a highly convergent investment strategy, focusing on core lots in core cities. High-quality land parcels in prime locations of first and second-tier cities still attracted bidding from multiple real estate enterprises, but the overall premium rate was kept within a rational range, with most parcels transacted at the base price or a low premium. In contrast, the land market in non-core areas and third and fourth-tier cities remained generally sluggish, and market-oriented real estate enterprises' willingness to acquire land stayed low.

CHAIRMAN'S STATEMENT

From the perspective of the real estate industry, the whole industry experienced in-depth differentiation and further increased concentration. The overall real estate industry presented three major characteristics, i.e. a mature policy framework, intensified market differentiation and deepened enterprise transformation. Leading real estate enterprises, leveraging their financing advantages and brand reputation, continued to expand their market share and became the main players in both the land and sales markets; while most private real estate enterprises were still committed to resolving debts and ensuring project delivery. In terms of business models, real estate enterprises accelerated the shift from a single "development and sales" model to a "development + operation + service" model, with intensified competition in commercial real estate, long-term rental apartments, agent construction, urban operation, etc. At the same time, the digital transformation of the industry entered a development phase, with technological empowerment running through the entire chain from design to operation. The overall market sales scale in 2025 remained flat or slightly increased year-on-year. Under the core keynote of destocking for the whole year, the new construction area and completed area both continued to decline, with prominent market differentiation. The real estate market in first-tier cities and certain core second-tier cities was active, with high-end improvement projects for new housing achieving sound destocking and housing prices remaining generally stable. Plagued by population outflow and inventory pressure, the market in third and fourth-tier cities remained sluggish, with housing prices continuing a slight downward trend. Consumers' housing purchase behavior became highly rational, with greater focus on sales of ready housing and the actual delivery capacity of projects, and "quality" emerged as the core keyword for housing purchase decisions.

Overall, although China's real estate industry had not yet established a solid foundation for a full recovery in 2025, it entered a new stage of healthier, more stable and high-quality development. Faced with a complex and severe external environment and profound industrial changes, the Company closely followed the government's policy orientation. Under the leadership of the Board and the management, it timely adjusted its business strategies, rapidly transformed its development thinking, and quickly stepped into a new track centering on high-quality development. In 2025, the Company successfully built demonstration zones for "high-quality housing" construction in multiple projects, which received high recognition at the national and provincial levels and won a number of important awards.



CHAIRMAN'S STATEMENT

However, as the Company's sales market was still mainly concentrated in third and fourth-tier cities, its sales performance faced significant pressure in 2025. The real estate markets in these cities gradually stabilized on the whole after adjustments in previous years. Thanks to low inventory backlog, the new construction area remained at a low level in 2025. Although the total sales volume fell short of expectations, the overall risks were still under control.

Meanwhile, the Company continued to increase research on market demand and products for home upgrades, conducted in-depth discussions on new materials and technologies involved in the construction of "high-quality housing", and further increased investment in green buildings and smart communities to better meet the growing market demand for high-quality residential housing. In general, despite the complex and volatile real estate market environment in 2025, the Company maintained steady operations through flexible business strategies, laying a solid foundation for future sustainable development.

During the Reporting Period, the Group's contracted sales amounted to approximately RMB160.6 million, representing a decrease of approximately 26.3% as compared with the same period last year; the Group's total contracted GFA amounted to approximately 19,410 sq.m., representing a decrease of approximately 41.3% as compared with the same period last year.

During the Reporting Period, the Group recorded a revenue of approximately RMB152.9 million, representing a decrease of approximately 87.2% as compared with the same period last year, among which, revenue from property development was approximately RMB151.6 million, representing a decrease of approximately 87.3% as compared with the same period last year. The net loss attributable to owners of the parent of the Group was approximately RMB271.3 million, representing an increase of approximately 67.2% as compared with the same period last year, which was mainly attributable to the significant decrease in gross profit as a result of the significant decrease in revenue from property development and an increase in write-down of completed properties held for sale and properties under development.

As at the end of the Reporting Period, the Group's land bank was approximately 2,116,996 sq.m.

FINAL DIVIDEND

The Board has resolved not to declare a final dividend for the year ended 31 December 2025.

PROSPECT FOR 2026

Looking ahead to 2026, on the basis of the stable operation in 2025, China's real estate market will continue to follow the positioning of "housing is for living in, not for speculation" and the keynote of high-quality development, entering a phase of in-depth regulation of the real estate industry. The government will strengthen policy and institutional construction to advance the new development model of real estate, and the overall policy environment will become more mature. Local governments will still take targeted policies based on city-specific conditions to control new supply, destocking and optimization of supply as the main starting points, explore multiple channels to revitalize existing commodity housing, and encourage the acquisition of existing commodity housing mainly for affordable housing, etc. Meanwhile, they will optimize the supply of affordable housing, accelerate urban renewal, and lower the threshold for reasonable housing purchase demand, to meet the living needs of different groups. The steady promotion of the construction of safe, comfortable, green and smart "high-quality housing" will continue, with the implementation of initiatives such as housing quality improvement projects and property service quality enhancement.

The demand for housing for home upgrades is expected to become the major driver of market sales growth in 2026. As residents' income expectations gradually stabilize and the demand for living space upgrading is released among different households, high-quality projects for home upgrades will maintain a high destocking rate. The pattern of urban differentiation will further intensify. Supported by solid industrial foundations and net population inflow, housing prices in core cities will remain stable or rise moderately; while most third and fourth-tier cities will still take destocking as the primary task. At the same time, real estate enterprises will remain cautious in land acquisition. Local governments will continue to optimize the land supply structure, proactively cut the supply of residential land in non-core areas and areas with prolonged destocking cycles, increase the proportion of high-quality land parcels transferred in core areas, and guide enterprises to build high-quality residential housing by optimizing land parcel planning conditions.



CHAIRMAN'S STATEMENT

The concentration of the real estate industry will further increase in 2026, with resources continuing to gather to enterprises with strong product capabilities, sound financial conditions and outstanding operational capabilities. Enterprises will have a clearer transformation path, and more and more enterprises will adopt refined operation. Subdivided segments such as agent construction, asset management, commercial operation, urban renewal and property services will embrace greater development space.

Meanwhile, driven by the continuous advancement of the “high-quality housing” policy, the real estate industry will enter a new stage of quality development. With the constant upgrading of market demand, the real estate market will further return to “residential value”. Consumers will have a clearer definition of “high-quality housing” and keep raising their requirements for house layout design, community environment, property services and smart experience.

After five years of strategic layout, the Company has initially realized industrial transformation and upgrading and successfully stepped into the sector of housing for home upgrades. Although the industry as a whole is still in in-depth adjustment, based on forward-looking judgments on market trends, the Company will continue to adapt to market and industrial changes in 2026, focusing on destocking and expanding the market of housing for home upgrades, and continuously optimize the product structure to enhance core competitiveness. The Company will revitalize existing inventory through asset-light models, accelerate sales cash recovery, and flexibly adjust business strategies. With product quality at the core, it will polish premium projects with craftsmanship, seize the window period in the high-end improvement market, to consolidate its benchmark position in the industry and drive sustainable enterprise growth with unwavering conviction. It will implement classified management and precise destocking of corporate assets, strictly control key nodes such as project development, launch and delivery, and accelerate capital turnover with minimal capital input. Meanwhile, the Company will actively explore diversified financing channels and strategic partners to enhance the resilience of its capital chain, providing strong support for the long-term development of the Company.

As the Company has basically completed its strategic transformation and conceptual innovation, the management will continue to strengthen learning, drive the upgrading of management concepts, proactively adapt to the requirements of the market and the Company's new development stage, and accelerate the innovation of management models and methods, to ensure a high degree of matching between the management system and strategic goals.

CHAIRMAN'S STATEMENT

In the future, the Company will continue to deepen its layout in the market of high-end housing for home upgrades, and further enhance the market competitiveness of its products with the orientation of meeting consumers' demand for high-quality living environment. It will focus on building residential projects with cutting-edge design, outstanding quality, natural integration and green livability, and actively apply new materials, new processes and intelligent technologies, to comprehensively improve building quality and residential experience. By introducing energy-saving and environmental protection technologies and materials, the Company will adapt to the green development trend of the industry. Meanwhile, the Company will explore diversified business models, strengthen brand building and service level improvement, and comprehensively enhance the overall strength of the enterprise. Leveraging industrial integration and business optimization, the Company will continue to seize market opportunities, to achieve steady development and create greater value for shareholders and customers.

ACKNOWLEDGMENT

Finally, I on behalf of the Board, would like to express my sincerest gratitude to the management and all employees of the Company for their hard work. Meanwhile, I would also like to thank the investors, customers and partners for their unfailing support and trust in the Group.

Bai Xuankui
Chairman

Jinzhong, Shanxi, the PRC
27 March 2026



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the Group's contracted sales amounted to approximately RMB160.6 million, representing a decrease of approximately 26.3% as compared with the same period last year. During the Reporting Period, the Group's revenue amounted to approximately RMB152.9 million, representing a decrease of approximately 87.2% as compared with the same period last year, among which, revenue from property development was approximately RMB151.6 million, representing a decrease of approximately 87.3% as compared with the same period last year. During the Reporting Period, net loss of the Group amounted to approximately RMB271.6 million, of which net loss attributable to the owners of the parent of the Company was approximately RMB271.3 million.

Contracted Sales

The Group's contracted sales for the years ended 31 December 2025 and 2024 were approximately RMB160.6 million and approximately RMB217.9 million, respectively, representing a decrease of approximately 26.3%. The total contracted GFAs for the years ended 31 December 2025 and 2024 were approximately 19,410 sq.m. and 33,070 sq.m., respectively, representing a decrease of approximately 41.3%. By geographical location, the Group's contracted sales from Jinzhong, Taiyuan, Mianyang and Haikou, were approximately RMB3.5 million, RMB24.7 million, RMB26.4 million and RMB106.0 million, respectively, representing approximately 2.2%, 15.4%, 16.4% and 66.0% of the Group's total contracted sales, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the Group's contracted sales for the year ended 31 December 2025 by geographic location:

	Contracted Sales for 2025 (RMB million)	Contracted Sales for 2024 (RMB million)	Contracted GFA for 2025 (sq.m.)	Contracted GFA for 2024 (sq.m.)	Average Contracted Sales Price for 2025 (RMB/sq.m.)	Average Contracted Sales Price for 2024 (RMB/sq.m.)
Jinzhong (晉中)						
Chenxing Yijun (辰興頤郡)	3.5	21.2	784	3,553	4,453.7	5,965.4
Xin Xing International Cultural Town (新 興國際文教城) (Phases III, IV and V)	—	2.0	—	372	—	5,388.0
Taiyuan (太原)						
Yosemite Valley Town-Taiyuan (龍城優 山美郡) (Phase I)	1.6	15.9	204	1,577	7,949.8	10,106.2
Yosemite Valley Town-Taiyuan (龍城優 山美郡) (Phase II)	4.5	3.6	720	750	6,316.9	4,738.1
Yosemite Valley Town-Taiyuan (龍城優 山美郡) (Phase III)	18.6	24.0	3,486	5,924	5,339.8	4,047.9
Mianyang (綿陽)						
Yosemite Valley Town (優山美郡)	—	1.7	—	233	—	7,103.6
Elite Gardens (天禦)	0.1	0.1	46	88	2,715.0	1,300.2
Chang Xing Star Gardens (長興星城)	0.3	17.8	224	5,013	1,286.0	3,556.6
Chang Xing Jinhutingyuan (長興金湖庭院)	26.0	118.7	3,196	14,663	8,144.8	8,093.3
Hainan (海口)						
Chenxing Shangpinhui (辰興尚品匯)	67.8	3.9	6,027	138	11,252.3	28,196.2
Jiangdong Shangyuan (江東上院)	38.2	9.0	4,723	759	8,086.7	11,812.0
Total	160.6	217.9	19,410	33,070	8,274.1	6,589.1

Note:

Contracted Sales, Contracted GFAs and Average Contracted Sales Price in the above table also include the car parking spaces sold, if applicable.

MANAGEMENT DISCUSSION AND ANALYSIS

Property Projects

The Group's property projects fall into the following three categories by the development stage: completed properties, properties under development and properties held for future development. As some projects are developed in several phases, a single project may fall into different development stages including completed, under development and held for future development.

As at the end of the Reporting Period, the Group had a completed total GFA of approximately 3,364,119 sq.m. and a land bank with a total GFA of approximately 2,116,996 sq.m., comprising (i) a total GFA of approximately 254,536 sq.m. which is completed but unsold; (ii) a total GFA of approximately 886,621 sq.m. which is under development; and (iii) a total planned GFA of approximately 975,839 sq.m. held for future development.

The Group selectively retains the ownership of most of self-developed commercial properties with a strategic value to generate sustainable and stable revenue. As at the end of the Reporting Period, the Group had investment properties with a total GFA of approximately 21,613 sq.m.

Property Portfolio Summary

Intended use ⁽¹⁾	Total GFA completed (sq.m.)	GFA under development (sq.m.)	Total GFA held for future development (sq.m.)
Mid-rise	875,887	—	253,455
High-rise	1,258,097	217,042	177,444
Townhouses	78,453	118,896	171,482
Multi-story garden apartments	576,743	124,427	16,771
Retail outlets	249,744	106,908	74,162
SOHO apartments	6,931	15,984	—
Hotels	10,845	96,034	18,980
Parking spaces	300,804	187,821	245,693
Ancillary facilities ⁽²⁾	6,615	19,509	17,852
Total GFA	3,364,119	886,621	975,839
Attributable GFA⁽³⁾	3,303,762	886,621	874,841

Notes:

(1) Includes the portion of GFA held by the Group as public facilities (not saleable or leasable).

(2) Includes primarily public facilities which are not saleable or leasable.

(3) Comprises the total GFA attributable to the Group based on the Group's actual interests in the relevant projects or project phases.

MANAGEMENT DISCUSSION AND ANALYSIS

Completed Projects

The following table sets forth a summary of the information about the Group's completed projects and corresponding project phases, if any, as at 31 December 2025:

Project	Location	Project Type	Actual Completion Date	Site Area (sq.m.)	Completed GFA (sq.m.)	Saleable/Leasable GFA		Other GFA ⁽¹⁾ (sq.m.)	Ownership Interest ⁽²⁾ (%)	
						Remaining unsold (sq.m.)	GFA held for (sq.m.)			
Jinzhong (晉中)										
1. East Lake Mall (東湖井)	Jinzhong, Shanxi (山西省晉中市)	Retail Outlets	July 2000	1,330	17,886	–	10,610	7,276	–	100.00
2. Grand International Mall & Apartments (君豪國際)	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	June 2007	7,465	65,544	9,081	8,241	48,222	–	100.00
3. Blossoms Gardens (錦綉新城)	Jinzhong, Shanxi (山西省晉中市)	Residential	April 2007	5,261	39,080	–	–	39,080	–	100.00
4. Xin Xing International Cultural Town (新興國際文教城)										
Phase I	Jinzhong, Shanxi (山西省晉中市)	Residential	December 2005	5,600	24,602	–	–	24,602	–	100.00
Phase II	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	April 2012	17,968	93,061	–	–	92,910	151	100.00
Phase III	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	December 2009	255,918	545,047	2,327	–	542,720	–	100.00
Phase IV	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	July 2016	30,987	71,103	747	–	70,356	–	100.00
Phase V	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	July 2016	22,578	50,438	3,266	–	46,137	1,035	100.00
5. Upper East Gardens (上東庭院)										
Phase I	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	November 2006	19,361	47,926	–	–	47,926	–	100.00
Phase II	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	December 2011	24,343	75,889	–	–	75,889	–	100.00
6. Riverside Gardens – Zuoquan (左權濱河嘉園)	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	December 2007	73,035	98,545	–	–	97,990	555	100.00
7. SOLO Apartments (尚座公寓)	Jinzhong, Shanxi (山西省晉中市)	Commercial/Complex	September 2009	2,411	9,783	257	–	9,526	–	100.00
8. Riverside Gardens – Heshun (和順濱河小區)										
Stage I	Jinzhong, Shanxi (山西省晉中市)	Residential	June 2008	60,100	62,508	–	–	62,168	340	100.00
Stage II	Jinzhong, Shanxi (山西省晉中市)	Residential	October 2012	5,898	51,217	–	–	51,217	–	100.00
9. Mandarin Gardens – Taigu (太谷文華庭院)	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	May 2011	30,690	51,525	–	–	51,525	–	100.00
10. Shuncheng Street Underground Space (順城街地下空間)	Jinzhong, Shanxi (山西省晉中市)	Retail Outlets	August 2015	–	897	–	–	897	–	100.00

MANAGEMENT DISCUSSION AND ANALYSIS

Project	Location	Project Type	Actual Completion Date	Site Area (sq.m.)	Completed GFA (sq.m.)	Saleable/Leasable GFA		Other GFA ⁽¹⁾ (sq.m.)	Ownership Interest ⁽²⁾ (%)	
						Remaining unsold (sq.m.)	GFA held for (sq.m.)			
11. Chenxing Yijun (辰興頤郡) Stage I (portion)	Jinzhong, Shanxi (山西省晉中市)	Residential/Commercial	January 2022	50,748	117,098	87,986	–	28,316	796	100.00
Taiyuan (太原)										
1. Yosemite Valley Town - Taiyuan (龍城優山美郡) Southern District, Phase I	Taiyuan, Shanxi (山西省太原市)	Residential/Commercial	December 2014	117,128	406,165	12,718	–	393,447	–	100.00
Northern District, Phase I	Taiyuan, Shanxi (山西省太原市)	Residential/Commercial	November 2016	108,005	397,867	11,155	–	316,333	70,379	100.00
Phase II (portion)	Taiyuan, Shanxi (山西省太原市)	Residential/Commercial	June 2020	86,318	246,891	11,077	–	235,814	–	100.00
Mianyang (綿陽)										
1. Yosemite Valley Town (優山美郡)	Mianyang, Sichuan (四川省綿陽市)	Residential/Commercial	May 2012	74,124	126,322	4,912	–	119,565	1,845	100.00
2. Elite Gardens (天樂)	Mianyang, Sichuan (四川省綿陽市)	Residential/Commercial	September 2014	68,529	116,815	664	–	115,464	687	100.00
3. Star Gardens (星城) Phase I	Mianyang, Sichuan (四川省綿陽市)	Residential/Commercial	June 2017	68,150	288,450	408	–	286,721	1,321	100.00
Phase II	Mianyang, Sichuan (四川省綿陽市)	Residential/Commercial	November 2020	36,158	122,271	75	–	121,265	931	100.00
4. Jinhutingyuan (金湖庭院) Phase I	Mianyang, Sichuan (四川省綿陽市)	Residential/Commercial	June 2024	62,672	150,893	23,567	–	127,326	–	60.00
Haikou (海口)										
1. Shangpinhui (尚品匯)	Haikou City, Hainan Province (海南省海口市)	Commercial	April 2024	43,795	86,296	86,296	–	–	–	100.00
Total				1,278,572	3,364,119	254,536	18,851	3,012,692	78,040	
Total Attributable GFA⁽³⁾				1,253,503	3,303,762	245,109	18,851	2,961,762	78,040	

Notes:

(1) Includes the GFA held by the Group as public facilities (not saleable or leasable).

(2) Calculated based on the Group's actual ownership interests in the respective project companies.

(3) Comprises the total GFA attributable to the Group based on the Group's actual interests in the relevant projects or project phases.

MANAGEMENT DISCUSSION AND ANALYSIS

Properties under Development and Properties Held for Future Development

The following table sets forth a summary of the information about the Group's projects under development and corresponding project stages, if any, and properties held for future development as at 31 December 2025:

Project	Location	Project Type	Site Area (sq.m.)	Actual/ Estimated Completion Date	GFA under development (sq.m.)	Saleable/ Leasable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Planned GFA (sq.m.)	GFA with the land use certificate not obtained yet (sq.m.)	Ownership interest ⁽¹⁾ (%)
Jinzhong (晉中)										
1. Chenxing Yijun (辰興頤郡)			146,538		13,506	11,057	—	356,400	—	100.00
Stage I (portion)	Jinzhong, Shanxi (山西省晉中市)	Commercial	5,853	May 2025	13,506	11,057	—	—	—	100.00
Stage II	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	37,462	December 2027	—	—	—	99,500	—	100.00
Stage III	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	85,669	December 2027	—	—	—	209,300	—	100.00
Stage IV	Jinzhong, Shanxi (山西省晉中市)	Residential/ Commercial	17,554	December 2027	—	—	—	47,600	—	100.00
2. Shiguang Zhicheng (時光之城)	Jinzhong, Shanxi (山西省晉中市)	Commercial	28,296	September 2027	112,638	53,880	—	—	—	100.00
3. Jinxiu SOHO (錦綉中心)	Jinzhong, Shanxi (山西省晉中市)	Commercial	3,461	May 2027	20,506	—	—	—	—	100.00
Taiyuan (太原)										
1. Yosemite Valley Town — Taiyuan (龍城優山美郡)			107,038		349,196	324,928	275,038	—	—	100.00
Phase II (portion)	Taiyuan, Shanxi (山西省太原市)	Residential/ Commercial	24,917	September 2026	129,448	118,086	89,750	—	—	100.00
Phase III	Taiyuan, Shanxi (山西省太原市)	Residential/ Commercial	60,273	November 2026	207,129	206,842	185,288	—	—	100.00
Phase IV	Taiyuan, Shanxi (山西省太原市)	Primary School	21,848	September 2026	12,619	—	—	—	—	100.00
2. Longcheng Jiuyuan (龍城玖院)			139,169		123,266	—	—	140,205	—	100.00
Phase I	Taiyuan, Shanxi (山西省太原市)	Residential/ Commercial	64,604	December 2026	123,266	—	—	—	—	100.00
Phase II	Taiyuan, Shanxi (山西省太原市)	Residential/ Commercial	74,565	December 2026	—	—	—	140,205	—	100.00
Haikou (海口)										
1. Jiangdong Shangyuan (江東上院)	Haikou, Hainan (海南省海口市)	Residential/ Commercial	57,446	May 2026	56,425	10,844	6,124	17,240	—	100.00

MANAGEMENT DISCUSSION AND ANALYSIS

Project	Location	Project Type	Site Area [sq.m.]	Actual/ Estimated Completion Date	GFA under development [sq.m.]	Saleable/ Leasable GFA [sq.m.]	Pre-sold GFA [sq.m.]	Planned GFA [sq.m.]	GFA with the land use certificate not obtained yet [sq.m.]	Ownership interest ⁽¹⁾ [%]
Wuzhishan (五指山)										
1. Yijun (願郡)										
Phase I	Wuzhishan, Hainan (海南省五指山市)	Commercial	28,745	May 2026	136,422 48,013	34,185 23,451	—	—	—	100.00
Phase II	Wuzhishan, Hainan (海南省五指山市)	Residential	23,827	November 2026	35,274	—	—	—	—	100.00
Phase III	Wuzhishan, Hainan (海南省五指山市)	Residential	18,244	May 2027	26,666	10,734	—	—	—	100.00
Phase IV	Wuzhishan, Hainan (海南省五指山市)	Residential	21,706	May 2027	26,469	—	—	—	—	100.00
Xishuangbanna (西雙版納)										
1. Chenxing International Health City (辰興國際健康城)										
Phase I	Xishuangbanna Dai Autonomous Prefecture, Yunnan (雲南省西雙版納傣族 自治州)	Residential/ Commercial	42,958	December 2026	20,540	—	—	36,818	—	100.00
Phase II	Xishuangbanna Dai Autonomous Prefecture, Yunnan (雲南省西雙版納傣族 自治州)	Residential	50,367	December 2026	54,122	—	—	—	—	100.00
Phase III	Xishuangbanna Dai Autonomous Prefecture, Yunnan (雲南省西雙版納傣族 自治州)	Residential	67,177	December 2027	—	—	—	70,237	—	100.00
Phase IV	Xishuangbanna Dai Autonomous Prefecture, Yunnan (雲南省西雙版納傣族 自治州)	Residential/ Commercial	63,324	December 2028	—	—	—	102,443	—	100.00
Mianyang (綿陽)										
1. Jinhutingyuan (金湖庭院)										
Phase II	Mianyang, Sichuan (四川省綿陽市)	Residential/ Commercial	91,695	September 2027	—	—	—	252,496	—	60.00
Total			889,991		886,621	434,894	281,162	975,839	—	
Total Attributable GFA⁽²⁾					886,621	434,894	281,162	874,841	—	

Notes:

(1) Calculated based on the Group's actual ownership interests in the respective project companies.

(2) Comprises the total GFA attributable to the Group based on the Group's actual interests in the relevant projects or project phases.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth a summary of the information about the Group's investment properties as at 31 December 2025:

Project	Property type	Total GFA held for investment (sq.m.)	Effective leased GFA (sq.m.)	Occupancy rate (%)	Rental income for the year ended 31 December 2025	
					2025 (RMB million)	2024
Grand International Mall & Apartments (君豪國際)	Retail Outlets	8,241	—	—	0.03	0.01
East Lake Mall (東湖井)	Retail Outlets	10,610	272	2.56	0.03	0.07
Office Building of West Yingbin Street (迎賓西街辦公樓)	Retail Outlets	2,762	2,762	100.0	1.24	1.24
Total		21,613	3,034	—	1.30	1.32

The table below sets forth the Group's land bank as at 31 December 2025 by geographic location:

	Completed	Under	For future	Total land bank ⁽¹⁾	Percentage of total land bank	Average land cost
	saleable/ leasable GFA remaining unsold (sq.m.)	development	development			
		GFA under development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	(%)	(RMB/sq.m.)
Jinzhong	103,664	146,650	356,400	606,714	28.7	798.3
Taiyuan	34,950	472,462	140,205	647,617	30.6	668.2
Mianyang	29,626	—	252,496	282,122	13.3	1,085.8
Haikou	86,296	56,425	17,240	159,961	7.6	2,344.8
Wuzhishan	—	136,422	—	136,422	6.4	1,145.2
Xishuangbanna	—	74,662	209,498	284,160	13.4	987.3
Total	254,536	886,621	975,839	2,116,996	100.0	881.7

Note:

- (1) Land bank equals to the sum of (i) saleable/leasable GFA remaining unsold, (ii) total GFA under development and (iii) total planned GFA held for future development.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth the Group's land bank as at 31 December 2025 by property type:

	Completed	Under development	For future development	Total land bank ⁽¹⁾	Percentage of total land bank
	saleable/ leasable GFA remaining unsold (sq.m.)	GFA under development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	(%)
Mid-rise	62,996	—	253,455	316,451	15.0
High-rise	12,562	217,042	177,444	407,048	19.2
Townhouses	8,155	118,896	171,482	298,533	14.1
Multi-story garden apartments	3,280	124,427	16,771	144,478	6.8
Available-for-sale office/ commercial properties	85,327	106,908	74,162	266,397	12.6
SOHO apartments	58	15,984	—	16,042	0.8
Hotels	10,845	96,034	18,980	125,859	5.9
Parking spaces	71,313	187,821	245,693	504,827	23.8
Ancillary facilities ⁽²⁾	—	19,509	17,852	37,361	1.8
Total	254,536	886,621	975,839	2,116,996	100.0

Notes:

- (1) Land bank equals to the sum of (i) saleable/leasable GFA remaining unsold, (ii) total GFA under development and (iii) total planned GFA held for future development.
- (2) Includes primarily public facilities which are not saleable.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue amounted to approximately RMB152.9 million, representing a decrease of approximately 87.2% as compared with approximately RMB1,198.6 million in the same period last year. The decrease was mainly due to the number of properties of Chenxing Yijun and Phase I project of Jinhutingyuan delivered during the Reporting Period was less than the number of first-time deliveries of Phase I of Jinhutingyuan in the same period last year.

During the Reporting Period, the Group's revenue from property development amounted to approximately RMB151.6 million, representing a decrease of approximately 87.3% as compared with the same period last year. The decrease was mainly due to the number of properties of Chenxing Yijun and Phase I project of Jinhutingyuan delivered during the Reporting Period was less than the number of first-time deliveries of Phase I of Jinhutingyuan in the same period last year.

Sales and Services Cost

The Group's sales and services cost decreased by approximately 80.0% from approximately RMB1,080.5 million for the year ended 31 December 2024 to approximately RMB216.2 million for the Reporting Period, the decrease of which was mainly due to the revenue cost recognised for the properties of Chenxing Yijun and Phase I project of Jinhutingyuan delivered during the Reporting Period was less than the revenue cost recognised for the first-time deliveries of Phase I project of Jinhutingyuan in the same period last year and an increase in write-down of completed properties held for sale and properties under development.

Gross Loss

During the Reporting Period, the Group's gross loss was approximately RMB63.3 million, while the gross profit was approximately RMB118.1 million in the same period last year. During the Reporting Period, the Group's gross loss margin was approximately 41.4%, representing a decrease of 51.3 percentage points as compared with the gross profit margin of approximately 9.9% in the same period last year. The decrease was mainly due to the substantial decrease in revenue and an increase in write-down of completed properties held for sale and properties under development during the Reporting Period.

During the Reporting Period, the Group's gross loss from property development was approximately RMB64.6 million, while the gross profit was approximately RMB116.7 million in the same period last year. The decrease was mainly due to the substantial decrease in revenue and an increase in write-down of completed properties held for sale and properties under development during the Reporting Period.



MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group's gross loss margin of property development was approximately 42.6%, representing a decrease of approximately 536.8% as compared with the gross profit margin of 9.8% for the same period last year, which was mainly due to an increase in the sales of commercial properties and residences of high gross profit margin during the Reporting Period as compared with the last period, resulting in an increase in gross profit and an increase in write-down of completed properties held for sale and properties under development.

Other Income and Gains

During the Reporting Period, the Group's other income and gains were approximately RMB42.7 million, representing a decrease of approximately 2.6% as compared with approximately RMB43.8 million in the same period last year, which was mainly due to the decrease in dividend income from financial assets, gains from disposal of subsidiaries offset with deemed interest income from land development cost recoverable during the Reporting Period.

Net Loss Attributable to Owners of the Parent of the Company

During the Reporting Period, the loss attributable to owners of the parent of the Company was approximately RMB271.3 million, representing an increase of approximately 67.2% from approximately RMB162.2 million in the same period last year. The increase in the loss attributable to owners of the parent of the Company was mainly due to the significant decrease in gross profit and an increase in write-down of completed properties held for sale and properties under development in the Reporting Period.

Change in Fair Value of Investment Properties

The fair value of the Group's investment properties decreased by approximately 6.3% from approximately RMB96.0 million for the year ended 31 December 2024 to approximately RMB90.0 million for the year ended 31 December 2025, and the decrease was primarily due to the decrease in the fair value of Grand International Mall & Apartments, East Lake Mall and Office Building of West Yingbin Street.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 18.9% from approximately RMB19.4 million for the year ended 31 December 2024 to approximately RMB23.0 million for the Reporting Period, and the increase was primarily due to the increase in sales agency and handling fees of Jiangdong Shangyuan during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

The Group's administrative expenses decreased by approximately 8.1% from approximately RMB48.9 million for the year ended 31 December 2024 to approximately RMB45.0 million for the Reporting Period, and the decrease was mainly due to the decrease in taxes, fees and other administrative expenses resulting from lower property sales.

Finance Costs

The Group's finance costs decreased by approximately 11.4% from approximately RMB161.0 million for the year ended 31 December 2024 to approximately RMB142.6 million for the Reporting Period, and the decrease was primarily due to the lower lending interest rates during the Reporting Period.

Income Tax Expense/(Credit)

The Group's income tax credit decreased by approximately 1,572.7% from income tax expense of approximately RMB1.7 million for the year ended 31 December 2024 to income tax credit approximately RMB25.6 million for the Reporting Period. The decrease was mainly due to an increase in write-down of completed properties held for sale and properties under development, resulting in an increase in deferred tax assets.

Total Loss and Comprehensive Income for the Reporting Period

As a result of the foregoing, the Group's total loss and comprehensive income for the Reporting Period increased by approximately 109.7% from approximately RMB130.7 million for the year ended 31 December 2024 to approximately RMB274.0 million for the Reporting Period.

Cash Position

As at the end of the Reporting Period, the Group's cash and cash equivalents were approximately RMB105.0 million, representing a decrease of approximately 2.5% as compared to approximately RMB107.7 million as at 31 December 2024, and the decrease was primarily due to repayment of certain bank borrowings.

Net Operating Cash Flow

The Group recorded a positive operating cash flow of approximately RMB142.6 million as at the end of the Reporting Period, while the positive operating cash flow was approximately RMB61.0 million as at 31 December 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

Borrowings

The Group had outstanding bank and other borrowings and borrowings from related parties of approximately RMB2,617.7 million and RMB200.7 million, respectively, as at the end of the Reporting Period while the Group had outstanding bank and other borrowings and borrowings from related parties of approximately RMB2,730.5 million and RMB189.7 million as at 31 December 2024.

Pledged Assets

Certain of the Group's borrowings were secured by properties under development held for sale, investment properties and property, plant and equipment, or combinations of the above. As at the end of the Reporting Period, the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB1,661.0 million.

Financial Guarantees and Contingent Liabilities

In line with the market practice, the Group has entered into agreements of arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct any independent credit checks on customers, but relies on the credit checks conducted by mortgagee banks. As with other PRC property developers, the banks usually require the Group to guarantee its customers' obligations to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate [分戶產權證] from the customer as security of the mortgage loan granted. As at the end of the Reporting Period, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to approximately RMB839.0 million.

During the Reporting Period, the Group had no material contingent liabilities.

Gearing Ratio

As at the end of the Reporting Period, based on the Group's total debt of approximately RMB2,617.7 million and total equity of approximately RMB953.3 million, the gearing ratio of the Group was approximately 274.6% (31 December 2024: approximately 222.4%). Gearing ratio is calculated by dividing total debt over total equity, and total debt includes interest-bearing bank and other borrowings. The increase in gearing ratio was mainly due to that the net loss incurred during the period was greater than the decrease in total debt.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Currency Risk

The Group operates primarily in the PRC and most of its revenues and expenses are settled in RMB. The Group is exposed to foreign currency risks because its bank balances are denominated in HK dollar and the value of which will fluctuate with exchange rate fluctuations. The exchange rate between RMB and HK dollar may fluctuate as a result of various factors, such as changes in China's political and economic conditions. The Board expects that the fluctuation of the RMB exchange rate will not have a material adverse effect on the Group. The Group does not have a hedging policy in relation to the foreign currency risk.

Material Acquisitions and Disposal

Save as disclosed in this report, the Group did not have any other material acquisition or disposal of subsidiaries, associates and joint ventures during the Reporting Period.

Significant Investments Held

Save as disclosed in this report, there was no other significant investments held by the Group during the Reporting Period.

Significant Events after the Reporting Period

As of the date of this report, the Group did not have any significant events after the Reporting Period.

Future Plans for Material Investments or Capital Assets

The Company will continue to invest in property development projects and acquire suitable land parcels in selected cities as appropriate. Internal resources and bank borrowings are expected to be sufficient to meet the necessary funding needs. Save as disclosed in the prospectus and above, the Group has no future plans of material investment as at the date of this report.

Employees and Remuneration Policies

As at the end of the Reporting Period, the Group had 205 employees. During the Reporting Period, the Group had incurred the employee costs of approximately RMB18.9 million. Employee compensations generally include salaries and quarterly performance bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medical, maternity, occupational injury and unemployment benefit plans.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Bai Xuankui (白選奎), aged 74, is one of the founders and controlling shareholders of the Group. He is also an executive Director, chairman of the Board and chairman of the nomination committee as well as the chairman of Chen Xing. Mr. Bai Xuankui is also a director of White Empire (PTC) Limited, one of the controlling shareholders of the Company. Mr. Bai Xuankui has over 20 years of experience in property development, management and operation.

Mr. Bai Xuankui founded the Group in 2004 and since then has been leading the Group to engage in property development. Before founding the Group, Mr. Bai Xuankui worked at Xinxing Construction Ltd. (新興建築公司) where he successively served as assistant manager and manager from April 1983 to May 1992. In July 1993, he was appointed as deputy director of Yuci City Enterprise Management Bureau (榆次市城區企業管理局). From April 1998 to October 2001, he was appointed by People's Congress of Yuci City as commissioner of Yuci City Industrial Economic Commission (榆次市工業經濟委員會). From December 2001 to October 2010, he served as the chairman of Jinzhong City Yuci Region Federation of Industry & Commerce (晉中市榆次區工商業聯合會). From June 2007 to January 2015, Mr. Bai Xuankui had also been the vice chairman of Jinzhong City Federation of Industry & Commerce (晉中市工商業聯合會).

Mr. Bai Xuankui obtained a postgraduate certificate in master of business administration (工商管理碩士研究生文憑) issued by Tianjin University of Finance & Economics (天津財經學院), the PRC in November 2000. In December 2008, he obtained the qualification as a senior engineer from Shanxi Township Enterprise Engineering Series Senior Technical Position Evaluation Committee (山西鄉鎮企業工程系列高級技術職務評審委員會).

Mr. Bai Wukui (白武魁), aged 63, is the brother of Mr. Bai Xuankui and an executive Director and the chief executive officer of the Company. He is also the vice chairman and general manager of Chen Xing, executive director and general manager of Wuzhishan Chenxing Real Estate Development Co., Limited (五指山辰興房地產開發有限公司), an indirect subsidiary of the Company, executive director of Sichuan Chenxing Real Estate Development Co., Limited (四川辰興房地產發展有限公司), an indirect holding company of the Company, and the chairman of Jinzhong Development Zone Real Estate Development Co., Ltd. (晉中開發區房地產開發有限公司), an indirect holding company of the Company.

Mr. Bai Wukui is also one of the founders of the Group. He has been the chief executive officer of the Group since December 2004. He was appointed as a director of the Group in February 2015. Mr. Bai Wukui is also a director of White Legend Global Holdings Limited.

Before founding the Group, Mr. Bai Wukui served as director and chief executive officer of Yuci Xinxing Real Estate Development Co., Ltd. (榆次新興房屋開發有限公司) from January 1997 to August 2007.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Bai Wukui obtained a professional certificate in civil engineering specialty (long distance learning) (工民建專業文憑(函授)) issued by Shanxi Radio & TV University (山西廣播電視大學), the PRC in July 1990 and later obtained a postgraduate certificate in master of business administration (工商管理碩士研究生文憑) issued by Tianjin University of Finance & Economics (天津財經學院), the PRC in November 2000. He obtained the qualification as an engineer from Shanxi Province Engineering Series Intermediate Professional Technical Position Evaluation Committee (山西省工程系列中級專業技術職務評審委員會) and Jinzhong Township (Privately-owned) Enterprise Engineering Series Intermediate Technical Position Evaluation Committee (晉中鄉鎮(民營)企業工程系列中級技術職務評審委員會) in February 2001 and December 2008, respectively. In February 2010, he obtained the qualification as a senior engineer from Shanxi Township Industrial Engineering Series Senior Engineer Evaluation Committee (山西鄉鎮工業工程系列高級工程師職務評審委員會).

Mr. Bai Guohua (白國華), aged 50, is the son of Mr. Bai Xuankui and executive Director and executive vice president of the Company. He is also an executive director of Jinzhong Chenxing Commercial Management Co., Limited (晉中辰興商業管理有限責任公司), an indirect subsidiary of the Company, and executive director and general manager of Shanxi Chenxing Property Services Co., Limited (山西辰興物業服務有限公司), an indirect subsidiary of the Company. Mr. Bai Guohua joined the Group in December 2004 and successively served as associate administration manager, secretary of the board and assistant general manager. Mr. Bai Guohua was appointed as a Director of the Company on 3 November 2014 and the executive vice president of the Group in February 2016. Mr. Bai Guohua is also a director of White Dynasty Global Holdings Limited, one of the controlling shareholders of the Company.

Mr. Bai Guohua obtained a professional certificate in law (法學專業文憑) issued by Shanxi Politics and Law Institute for Administration (山西政法管理幹部學院), the PRC in July 1998. He then undertook and completed an undergraduate degree in law from Shanxi University (山西大學), the PRC, in June 2001. Mr. Bai Guohua is pursuing a master of Business Administration degree from Arizona State University in the United States.

Mr. Dong Shiguang (董世光), aged 68, is an executive Director of the Company and concurrently serves as a director of Chen Xing.

Mr. Dong joined the Group in December 2005 and successively served as manager in branch offices of Chen Xing (Heshun) and Chen Xing (Taigu). He served as the executive director of Sichuan Chenxing Real Estate Development Co., Limited (四川辰興房地產發展有限公司), a majority-owned subsidiary of the Group, from December 2007 to February 2012. Mr. Dong was appointed as a Director of the Group in November 2007. He was appointed as a Director of the Company in February 2015 and later was redesignated as an executive Director in June 2015. Mr. Dong is also a director of Honesty Priority Global Holdings Limited.

Mr. Dong obtained the qualification as an engineer granted by Shanxi Province Engineering Series Intermediate Professional Technical Position Evaluation Committee (山西省工程系列中級專業技術職務評審委員會) in December 2000 and later as a senior engineer granted by Shanxi Township Enterprise Engineering Series Senior Technical Position Evaluation Committee (山西鄉鎮企業工程系列高級技術職務評審委員會) in February 2010.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tian Hua (田華), aged 63, is an independent non-executive Director, the chairman of the Audit Committee and the chairman of the Remuneration Committee of the Company.

Mr. Tian joined Shanxi Zhongyu Certified Public Accountants (山西中宇會計事務所) in August 1998 as the chief accountant until December 2008. From December 2008 to present, he has been working at Shanxi He Pu Hua Certified Public Accountants (山西禾譜華會計事務所) as an accountant.

Mr. Tian obtained a professional certificate in accountancy issued by Shanxi Finance & Taxation College (山西財政稅務專科學校), the PRC in July 2001. He has been a practicing member of The Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since May 1999.

Mr. Qiu Yongqing (裘永清), aged 61, is an independent non-executive Director, a member of the Audit Committee and a member of the Nomination Committee of the Company. Mr. Qiu was appointed as the chairman of Shanxi Jintai Venture Capital Co., Ltd. (山西金泰創業投資有限公司) in April 2004 and vice chairman and general manager of Shanxi Small & Medium Enterprises Financing Guarantee Co., Ltd. (山西中小企業發展融資擔保有限公司) in May 2012. He was also appointed as member of the Jinzhong City's Committee of Chinese People's Political Consultative Conference (晉中市政協委員) in April 2005, senior expert jointly appointed by Shanxi and Jinzhong Municipal Committee (山西省及晉中市委) in December 2011 and vice chairman of Taiyuan Professional Manager Association (太原職業經理人協會) in March 2014.

Mr. Qiu obtained a certificate in engineering issued by Shanxi Radio & TV University (山西廣播電視大學), the PRC in July 1989. He then undertook and completed a course in business administration from School of Management of Xian Jiaotong University (西安交通大學管理學院) in July 2000. He obtained a master of business administration degree from Arizona State University, the United State, in May 2011. In April 2013, Mr. Qiu obtained the qualification as a senior economist granted by Department of Human Resources and Social Security of Shanxi Province (山西省人力資源和社會保障廳).

Ms. Gao Jianhua (高建華), aged 70, is an independent non-executive Director, a member of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee of the Company.

Ms. Gao is a qualified PRC lawyer with more than 41 years of experience in the legal industry. Ms. Gao has been a practising lawyer at Shanxi Fenghui Law Firm (山西豐匯律師事務所) since 1994, an arbitrator of Jinzhong Arbitration Committee (晉中仲裁委員會) since 2013 and the honorary president of Jinzhong Lawyer Association (晉中市律師協會) since 2015. In 2003, Ms. Gao was awarded as "Advanced Lawyer of Shanxi Province" (山西省先進律師) by the Department of Justice of Shanxi Province and the Law Association of Shanxi Province. From 2005 to 2015, Ms. Gao was elected as the president of Jinzhong Lawyer Association. In 2013, Ms. Gao was recognised by the Justice Bureau of Jinzhong (晉中市司法局) and Jinzhong Lawyer Association as one of the ten outstanding lawyers of Jinzhong City (晉中市十大傑出律師) in the PRC.

Ms. Gao obtained her bachelor's degree in Engineering (Industrial Automatic Control) from Taiyuan University of Technology in 1982 and a bachelor's degree in Law from Shanxi University in 1988.

SENIOR MANAGEMENT

Ms. Chen Jianhua (陳建華), aged 51, is the deputy general manager in engineering of the Group. Ms. Chen, joined the Group in July 1996, is responsible for managing the design and construction management of the Group's installation projects. She has served as the deputy general manager in engineering of Taiyuan Branch of the Company since May 2011. She was appointed as the deputy general manager in engineering of the Company in January 2022.

Ms. Chen obtained her diploma in electrical equipment from Shanxi Construction Engineering Technology School in 1995 and the senior engineer qualification in 2020.

Mr. Wang Binzhou (王斌周), aged 49, is the deputy general manager in administration of the Group. Mr. Wang joined the Group in March 2009 and later he served as the general counsel from March 2009 to January 2010 and administrative officer of the board and secretary of the chairman from January 2010 to February 2012. He was promoted to the deputy general manager in administration in February 2012.

Before joining the Group, Mr. Wang worked at Shanxi Shenghe Law Offices (山西聖合律師事務所) as a lawyer from May 2007 to March 2009.

Mr. Wang undertook and completed the bachelor degree in law from Tianjin School of Commerce (天津商學院), the PRC in July 1998 and then master degree in law from Tsinghua University (清華大學), the PRC in July 2008. In December 2002, Mr. Wang obtained the qualification as a legal advisor granted by Department of Personnel of Shanxi Province (山西省人事廳) and then was qualified to practice law in the PRC in March 2004.

Mr. Bai Aijing (白皚晶), aged 49, is nephew of Mr. Bai Xuankui and Mr. Bai Wukui and the chief financial officer of the Group.

Mr. Bai Aijing joined the Group in March 2004 and served as the accounting officer from March 2004 to March 2011 and officer of asset management centre from March 2011 to January 2013. He was later promoted to chief financial officer in January 2013.

Mr. Bai Aijing obtained a professional certificate in enterprise management from Beijing Metallurgy Cadre College (北京冶金幹部學院), the PRC in July 1998. He then obtained a professional certificate in accountancy granted by Finance Commission of Yuci Region (榆次區財政局) in March 2011.

Mr. Zhao Haijun (趙海軍), aged 50, is the deputy general manager of operation of the Group.

Mr. Zhao joined the Group in December 2005 as the marketing manager and later he was promoted to the deputy general manager of operation in February 2009. Mr. Zhao obtained the qualification as an engineer granted by Jinzhou Township (Private-owned) Enterprise Engineering Series Intermediate Technical Position Evaluation Committee (晉中鄉鎮(民營)企業工程系列中級技術職務評審委員會) in 2008. He obtained a professional certificate in project cost and management, which is an online learning course, issued by Harbin Institute of Technology (哈爾濱工業大學), the PRC in July 2010. He then obtained the qualification as a registered real estate appraiser granted by Finance Department of Shanxi Province (山西省財政廳) in April 2015.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Ms. Lee Angel Pui Shan has been appointed as the company secretary of the Company since 31 March 2022.

Ms. Lee is a Corporate Secretarial Executive of SWCS Corporate Services Group (Hong Kong) Limited (“**SWCS**”) and has extensive company secretarial professional experience. Ms. Lee holds a bachelor’s degree in accounting. She is certified public accountant of The Hong Kong Institute of Certified Public Accountants, and an associate member of The Chartered Governance Institute. Before joining SWCS, she worked for Ernst & Young (Hong Kong and Beijing), participated in a number of Chinese overseas listings, and was also responsible for many internal control projects to meet the requirements of Hong Kong and overseas listings.

Ms. Lee has tendered her resignation as the company secretary of the Company, an authorized representative of the Company (the “**Authorized Representative**”) under Rule 3.05 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) of the Stock Exchange and the process agent for the acceptance of service of process and notices on behalf of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Process Agent**”) with effect from 27 March 2026. Ms. Au Wing Han has been appointed as the company secretary of the Company, the Authorized Representative and the Process Agent with effect from 27 March 2026. Ms. Au is an assistant manager of SWCS. Please refer to the Company’s announcement dated 27 March 2026 for details.

DIRECTORS' REPORT

DIRECTORS' REPORT

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

PRINCIPAL BUSINESS

The Company is an investment holding company. Its principal subsidiaries are engaging in property development operations in China, and focusing mainly on the development of residential and, to a less extent, commercial property development projects.

An analysis of the revenue generated by the principal business of the Group for the Reporting Period is set out in Note 5 to the consolidated financial statements.

RESULTS

The results of the Group for the Reporting Period are set out in the consolidated statement of comprehensive income on page 347.

BUSINESS REVIEW AND FUTURE DEVELOPMENT

For detailed discussions on business review for the year and future development of the Group, please refer to pages 225 to 229 of the chairman's statement. The Group's financial risk management objectives and policies are set out in Note 40 to the consolidated financial statements.

The Group's analysis of its annual performance using financial key performance indicators is set out in pages 230 to 243 of management discussion and analysis.

PERMITTED INDEMNITY CLAUSE

During the Reporting Period, pursuant to the articles of association of the Company ("**Articles of Association**"), all legal costs, expenses, fees, losses, damages and expenditures incurred during the performance of duties by Directors of the Company may be indemnified by the assets and profits of the Company.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group continued to use new environmental construction materials in order to meet or stay ahead of environmental standards. The Group kept on strengthening its management of construction sites of on-going projects by controlling and reducing dust and noise pollutions. The Group has implemented energy saving and water conservation measures persistently in office premises, and continued the internal recycling plans for consumables (such as paper, etc.) to reduce the impact of operations on the environment and natural resources.



DIRECTORS' REPORT

COMPLIANCE WITH LAWS AND REGULATIONS

The Group always upholds the importance of understanding and compliance with the requirements of laws and regulations, non-compliance with the relevant laws and regulations may hinder the Group's normal operation. The Group has a designated legal department to exercise comprehensive management and control over the Company's sustainable and legal operations. Through effective communication, good working relationship has been maintained with various regulatory authorities.

MAJOR RISKS AND UNCERTAINTIES

The Group's businesses are mainly located in Jinzhong and Taiyuan in Shanxi Province, Mianyang in Sichuan Province, Haikou and Wuzhishan in Hainan Province and Xishuangbanna Autonomous Prefecture in Yunnan Province in China. As the development target of the Group is to further penetrate the markets in Shanxi Province, central and western China and southern China, the operations of the Group are highly dependent on the performance of the real estate markets in these areas.

RELATIONSHIPS WITH SIGNIFICANT STAKEHOLDERS

The Group's success is also dependent on the support of the employees, customers, suppliers and shareholders of the Group.

Employees

The Group's employees are regarded as the most important and most valuable assets of the Group. The most important objective of the Group's human resources management is to reward the employees with outstanding performance through proper compensation and benefits and implementation of a comprehensive appraisal and evaluation system. With proper training and development, the Company's employees are provided with opportunities for career development and promotions.

Customers

Most of the Group's customers are home purchasers. The Group strives to develop high quality residential properties for the improvement of the customers' quality of living.

In order to fulfill the Group's commitment for enhancing customer satisfaction persistently, the Group ensures to adopt the best concepts and use products of the highest qualities in development projects. In terms of customer service, the Group has always focused on the overall qualities of frontline staff by providing them with regular training to ensure consistently high service quality.

Suppliers

The service providers of the Group are mainly construction companies and suppliers of construction materials. The Group has good cooperation relationship with all the suppliers, and has signed strategic cooperation agreements with a number of high quality suppliers to ensure higher quality in construction work and materials supplied. The Group upholds the win-win principle to achieve common growth together with the suppliers.

Shareholders

One of the important corporate objectives of the Group is to maximize the value created for Shareholders. The Group continues to promote business developments for the sustainable growth in profits. The Group will strive to deliver stable dividends for the Shareholders, after considering the adequacy of capital, liquidity conditions and requirements for business development of the Group.

DIVIDEND POLICY

The Company aims to provide stable and sustainable returns to the Shareholders of the Company and strives to maintain a stable dividend policy.

Any declaration of dividends will be proposed by the Board and the amount of any dividends will depend on various factors, including, among others, the following:

- market conditions;
- the strategic plans and prospects of the Company;
- the business opportunities of the Company;
- the profit and financial position of the Company;
- the working capital requirements and anticipated cash needs of the Company;
- the contractual restrictions and obligations of the Company;
- payments by subsidiaries of cash dividends to the Company;
- legal, tax and regulatory restrictions; and
- any other factors as the Directors may deem relevant.



DIRECTORS' REPORT

Subject to the Cayman Islands Companies Act and the Articles of Association, the Company may declare dividends through a general meeting in any currency but no dividend shall be declared in excess of the amount recommended by the Board. The Articles of Association provides that dividends may be declared and paid out of profit, realized or unrealized, or from any reserve set aside from profits at the Directors' discretion. With the sanction of an ordinary resolution, dividends may also be declared and paid out of the Company's share premium account or any other fund or account authorised for this purpose in accordance with the Cayman Islands Companies Act and the Articles of Association.

The Board may pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates as considered by the Board to be justified by the profits of the Company.

FINAL DIVIDEND

The Board has resolved not to declare a final dividend for the year ended 31 December 2025 (2024: nil).

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding the Company's securities.

Shareholders who are unsure about the taxation implications of purchasing, holdings, disposing of, dealing in, or the exercise of any rights in relation to, the Shares, are suggested to consult an expert.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "AGM") will be convened on Friday, 29 May 2026, a notice of which will be published on the websites of the Stock Exchange and the Company in due course.

SHARE CAPITAL

There was no change in the share capital of the Company during the Reporting Period. Please refer to Note 30 to the consolidated financial statements for details.

EQUITY-LINKED AGREEMENT

The Company did not enter into any equity-linked agreements during the Reporting Period.

PROPERTY, PLANT AND EQUIPMENT

The details of changes in property, plant and equipment of the Group for the Reporting Period are set out in Note 13 to the consolidated financial statements.

INVESTMENT PROPERTIES

The details of changes in the investment properties of the Group for the Reporting Period are set out in Note 14 to the consolidated financial statements.

RESERVES

The details of changes in the reserves of the Group for the Reporting Period are set out in the consolidated statement of changes in equity on pages 350 to 351 of this annual report.

DISTRIBUTABLE RESERVES

Distributable reserves of the Group amounted to RMB184.1 million for the Reporting Period (Distributable reserves as of 31 December 2024 amounted to RMB459.3 million).

BANK LOANS AND OTHER BORROWINGS

The details of bank loans and other borrowings of the Group as at the end of the Reporting Period are set out in Note 28 to the consolidated financial statements.

DIRECTORS AND SERVICE CONTRACTS OF DIRECTORS

The Directors for the Reporting Period and up to the date of this annual report are as follows:

Executive Directors

Mr. Bai Xuankui (*Chairman*)
Mr. Bai Wukui
Mr. Bai Guohua
Mr. Dong Shiguang

Independent Non-executive Directors

Mr. Tian Hua
Mr. Qiu Yongqing
Ms. Gao Jianhua

Biographies of all Directors and senior management are set out in the section headed "Biographies of Directors and Senior Management" herein.

Pursuant to Article 84(1) of the Articles of Association, Mr. Bai Wukui, Mr. Bai Guohua and Mr. Qiu Yongqing shall retire at the forthcoming AGM, and being eligible, have offered themselves for re-election.



DIRECTORS' REPORT

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received the confirmation from each of the independent non-executive Directors on his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all its independent non-executive directors to be independent in the year ended 31 December 2025.

SERVICE CONTRACTS OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for a term of three years and may be terminated subject to the relevant terms of the service contracts.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of three years and may be terminated subject to the relevant terms of the appointment letters.

None of the Directors has entered into a service contract with the Company which are not determinable by the Group within one year without payment of compensation (other than statutory compensation).

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period, none of the Directors or their connected entities and controlling Shareholders had direct or indirect material interest in any transaction, arrangement or contract which was significant to the business of the Group and the Company or any of its subsidiary was a party thereto.

MANAGEMENT CONTRACTS

During the Reporting Period, no contract was or had been signed in relation to the management and administrative matters of the Company's business as a whole or any material portion thereof.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the amount of purchases from the largest supplier of the Group represented approximately 34.21% of the total purchases of the Group, and the amount of purchases from the five largest suppliers of the Group represented approximately 67.29% of the total amount of purchases of the Group.

During the Reporting Period, the amount of sales to the largest customer of the Group represented approximately 2.24% of the total sales of the Group, and the amount of sales to the five largest customers of the Group represented approximately 8.66% of the total sales of the Group.

None of the Directors or any of their close associates or any Shareholders of the Company has any interest in the five largest customers and suppliers of the Group.

DISCLOSURE OF INTERESTS

Interests and/or Short Positions of Directors and Chief Executives in Shares, Underlying Shares and Debentures of the Company or any of its Associated Corporations

As at 31 December 2025, the interests and/or short positions of the following Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be entered into the register mentioned under Section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") of Appendix C3 to the Listing Rules:

Long Positions in the Shares of the Company

Name of Director/ chief executive	Capacity/Nature of interest	Number of shares held	Percentage of shareholdings <small>(Note 1)</small>
Mr. Bai Xuankui (" Mr. Bai ") <small>(Note 2)</small>	Settlor of a discretionary trust	346,944,000	57.82%
Mr. Bai Wukui <small>(Note 3)</small>	Interest of a controlled corporation	64,945,000	10.82%
Mr. Bai Guohua <small>(Note 4)</small>	Beneficiary of a discretionary trust	346,944,000	57.82%
Mr. Dong Shiguang (" Mr. Dong ") <small>(Note 5)</small>	Interest of a controlled corporation	10,827,740	1.80%

Notes:

- As at 31 December 2025, the total number of issued shares of the Company was 599,999,989 shares.
- The shares were held by White Dynasty Global Holdings Limited ("**White Dynasty BVI**") in the capacity of a legal beneficial owners, which was a corporate controlling shareholder of the Company, and White Dynasty BVI was owned by White Empire (PTC) Limited ("**White Empire BVI**") in the capacity of a legal beneficial owner. White Empire BVI was the trustee of the family trust established for the benefit of Mr. Bai Guohua, Ms. Cheng Guilian ("**Mrs. Bai**", the spouse of Mr. Bai), and other beneficiaries to be nominated by the trustee from time to time. Since Mr. Bai was the settlor of the family trust, Mr. Bai was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
- The shares were held by White Legend Global Holdings Limited ("**White Legend BVI**") in the capacity of a legal beneficial owner. White Legend BVI was wholly-owned by Mr. Bai Wukui in the capacity of a legal beneficial owner. Since Mr. Bai Wukui held the entire issued share capital of White Legend BVI, Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO.
- The shares were held by White Dynasty BVI in the capacity of a legal beneficial owner. Since (i) Mr. Bai Guohua was a beneficiary of the family trust; and (ii) Mr. Bai Guohua was a person acting in accordance with the instructions from Mr. Bai, the settlor of the family trust, at all times, hence Mr. Bai Guohua was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
- The shares were held by Honesty Priority Global Holdings Limited ("**Honesty Priority BVI**") in the capacity of a legal beneficial owner. Since Mr. Dong owned 34.87% shares in Honesty Priority BVI, Mr. Dong was deemed to be interested in the shares held by Honesty Priority BVI under the SFO.

DIRECTORS' REPORT

Long Positions in the Shares of Associated Corporations of the Company

Name of Director/ chief executive	Name of Associated corporation	Capacity/ Nature of interest	Number of shares held	Percentage of shareholdings
Mr. Bai	White Dynasty BVI ^(Note 1)	Settlor of a discretionary trust	10,000	100%
Mr. Bai	White Empire BVI ^(Note 1)	Settlor of a discretionary trust		100%
Mr. Bai Guohua	White Dynasty BVI ^(Note 1)	Beneficiary of a discretionary trust	10,000	100%
Mr. Bai Guohua	White Empire BVI ^(Note 1)	Beneficiary of a discretionary trust		100%

Note:

1. White Dynasty BVI was a corporate controlling shareholder of the Company and was wholly-owned by White Empire BVI in the capacity of a legal beneficial owner. White Empire BVI was a company limited by guarantee incorporated in the British Virgin Islands and the trustee of the family trust which was held for the benefits of Mr. Bai Guohua, Mrs. Bai and other beneficiaries to be nominated by the trustee from time to time, and Mr. Bai was the settlor of the family trust.

As at 31 December 2025, save as disclosed above, none of the Directors or chief executives of the Company had any interest and/or short position 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 was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register mentioned under Section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At any time during the Reporting Period or as at the end of the Reporting Period, none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right. None of the Company, its holding company or any of their subsidiaries or fellow subsidiaries had participated in any arrangement which enabled the Directors of the Company to gain benefits through purchasing of shares or debentures of the Company or any other corporations.

INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY HELD BY SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, to the best knowledge of the Company and the Directors, the following persons (not being Directors or chief executives of the Company) had interests and/or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be entered into the register mentioned under Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of shares held	Percentage of shareholdings (Note 1)
White Dynasty BVI ^(Note 2)	Beneficial owner	346,944,000	57.82%
White Empire BVI ^(Note 2)	Interest of a controlled corporation	346,944,000	57.82%
White Legend BVI ^(Note 3)	Beneficial owner	64,945,000	10.82%
Mrs. Bai ^(Note 4)	Beneficiary of a discretionary trust	346,944,000	57.82%
Ms. Gan Xuelin ^(Note 5)	Interest of spouse	64,945,000	10.82%
Hwabao Trust Co., Ltd.	Trustee	62,160,000	10.36%

Notes:

- As at 31 December 2025, the Company had a total number of 599,999,989 shares in issue.
- White Dynasty BVI was wholly-owned by White Empire BVI, hence White Empire BVI was deemed to be interested in the shares owned by White Dynasty BVI under the SFO. White Empire BVI was the trustee for the family trust established for the benefit of Mr. Bai Guohua, Mrs. Bai and other beneficiaries to be nominated by the trustee from time to time. Mr. Bai was the settlor of the Family Trust.
- White Legend BVI was wholly-owned by Mr. Bai Wukui in the capacity of a legal beneficial owner. Since Mr. Bai Wukui had a controlling interest in White Legend BVI, Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO.
- Mrs. Bai was the wife of Mr. Bai. Since Mrs. Bai was a beneficiary of the Family Trust, Mrs. Bai was deemed to be interested in the shares held by White Dynasty BVI under the SFO.
- Ms. Gan Xuelin is the wife of Mr. Bai Wukui. Since Mr. Bai Wukui was deemed to be interested in the shares held by White Legend BVI under the SFO, therefore, Ms. Gan Xuelin was deemed to be interested in the shares held by White Legend BVI.

As at 31 December 2025, save as disclosed above, the Company was not aware of any other persons (other than Directors and chief executives of the Company) who had interests and/or short positions in the shares or underlying shares of the Company, which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be entered into the register mentioned under Section 336 of the SFO.



DIRECTORS' REPORT

RELATED PARTY TRANSACTIONS

The details of related party transactions of the Group for the Reporting Period are set out in Note 37 to the consolidated financial statements. These transactions do not constitute connected transactions or continuing connected transactions in the meaning of Chapter 14A of the Listing Rules. All the transactions are fully exempt from Shareholders' approval, annual review and all disclosure requirements. The Company confirms that all the applicable disclosure requirements pursuant to Chapter 14A of the Listing Rules are complied with.

ANNUAL REVIEW AND DISCLOSURE REQUIREMENT OF DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in this annual report, for the Reporting Period, none of the Directors or their respective associates engaged in or had any interest in any business which was or might be in competition with the business of the Group.

REMUNERATION POLICY

The Group has established the Remuneration Committee to review the remuneration policy and structure of the Group for the remuneration of all Directors and the senior management of the Group after considering the operating results of the Group, individual performance and contribution, time commitment and responsibilities of the Directors and senior management as well as the remuneration paid by comparable companies.

The Group has formulated and implemented remuneration policies to motivate employees and, in turn, support the long-term development of the Group. Such policies are consistent with the business strategies and development objectives of the Group, which will be helpful in attracting and retaining professional employees with the relevant knowledge and skills.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 12 June 2015, which shall remain valid and effective for a period of 10 years from the date when it was adopted. Accordingly, the Share Option Scheme has expired on 12 June 2025. The maximum number of shares that may be issued pursuant to the share option scheme is 50,000,000 shares, equivalent to 10% of the issued shares of the Company after completion of the global offering and 8.33% of the issued shares of the Company as at the date of this report. Since the adoption, the Company has not granted any share options under the Share Option Scheme. The number of options available for grant under the Share Option Scheme as at 1 January 2025 and 31 December 2025 were nil and nil.

DIRECTORS' REPORT

A summary of the key terms of the Share Option Scheme is set out below. The terms of the Share Option Scheme comply with Chapter 17 of the Listing Rules.

(a) Purpose

The Share Option Scheme is a share incentive scheme and is established to recognize and acknowledge the contributions Eligible Participants (as defined in paragraph (b) below) had or may have made to the Group. The Share Option Scheme will provide Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate Eligible Participants to optimize their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain on-going business relationship with Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) Eligible Participants

The Board may, at its discretion and subject to such conditions as it thinks fit, offer to grant share options to the following persons (collectively, the "**Eligible Participants**"):

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any Directors (including executive, non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries;
- (iii) any advisers (professional or otherwise), consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and
- (iv) related entities who, in the sole opinion of the Board, will contribute or have contributed to the Company or any of its subsidiaries.

(c) Total number of shares that may be issued

The maximum number of shares that may be issued pursuant to the Share Option Scheme is 50,000,000 shares, equivalent to 10% of the issued shares of the Company after completion of the global offering and 8.33% of the issued shares of the Company as at the date of this annual report.

(d) Maximum number of options granted to any individual

The maximum number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) to each Eligible Participant in any 12-month period shall not exceed 1% of the shares in issue of the Company.

Any further grant of options in excess of the above limit shall be subject to separate approval by the Shareholders in a general meeting (such Eligible Participants and their associates are required to abstain from voting), and shall comply with other requirements prescribed under the Listing Rules and/or other applicable statutory regulations or rules.



DIRECTORS' REPORT

(e) Maximum number of options granted to connected persons

Any grant of options to a Director, chief executive or substantial Shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

If the Board determines to grant options to a substantial Shareholder or any independent non-executive Director or any of their respective associates, the maximum number of shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including exercised, cancelled and outstanding options) to each substantial Shareholder or any independent non-executive Director or any of their respective associates in any 12-month period shall not exceed 0.1% of the shares in issue of the Company or such other percentage as may be from time to time provided under the Listing Rules, and the aggregate value calculated based on the closing price of the shares of the Company as stated in the daily quotation sheets of the Stock Exchange as at each date of grant shall not exceed HK\$5,000,000 or such other amount as may be from time to time provided under the Listing Rules.

If any further grant will exceed the above limit on options, such further grant shall be subject to a separate approval by the Shareholders in a general meeting (such Eligible Participants and their associates shall abstain from voting), and shall comply with other requirements prescribed under the Listing Rules and/or other applicable statutory regulations or rules.

(f) When the options may be exercised

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date.

The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

(g) Required minimum holding period before the exercise of an option

There is no minimum holding period required before an option may be exercised.

(h) Acceptance of offer

Upon acceptance of an option, the grantee shall pay HK\$1.00 to the Company as consideration for the grant.

(i) Basis for the determination of the exercise price

The share subscription price in respect of any specific option granted under the Share Option Scheme shall be determined at the sole discretion of the Board on the relevant price, but such price shall not be less than the highest of the following:

- (i) the official closing market price of the shares as stated in the daily quotation sheet of the Stock Exchange as at the date of grant, which must be a day when the Stock Exchange is open for securities trading business);
- (ii) the average official closing market price of the shares as stated in the daily quotation sheets of the Stock Exchange for five business days immediately before the date of grant; and
- (iii) par value of the shares.

(j) Residual term of the Share Option Scheme

The Share Option Scheme shall remain valid until 11 June 2025. Unless its early termination is approved by the general meeting of Shareholders or by the Board of the Company, the Share Option Scheme shall remain valid and effective for a period of 10 years from the date when it was adopted. Accordingly, the Share Option Scheme has expired on 12 June 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company or any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company (including sales of treasury shares).

As at the end of the Reporting Period, the Company did not hold any treasury shares.

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

The Company is dedicated to maintain a high standard in corporate governance practice. The Company has complied with all applicable code provisions under the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules during the Reporting Period. Information about the corporate governance practice adopted by the Company is set out in Corporate Governance Report on page 263 to 283 of this annual report.



DIRECTORS' REPORT

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors have confirmed that as of the date of this annual report, the Company has maintained a sufficient public float of our shares as required under the Listing Rules.

AUDITOR

The Group's consolidated financial statements for the year ended 31 December 2025 have been audited by BDO Limited ("**BDO**").

BDO will retire and, be eligible, will offer themselves for re-appointment at the forthcoming AGM. A resolution for the re-appointment of BDO as the auditor of the Company will be proposed at the forthcoming AGM.

BDO has been the auditor for the Company for the past three years.

DONATION

The Group did not make any donation for the year ended 31 December 2025.

RECOMMENDATION TO CONSULT PROFESSIONAL TAX ADVICE

If Shareholders of the Company are not sure about the tax effect of the purchase, holding, sale, trading or exercise of any rights attached to the relevant shares of the Company, they are recommended to consult independent experts for advice.

By order of the Board
Chen Xing Development Holdings Limited
Bai Xuankui
Chairman

Shanxi, China
27 March 2026

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICE

The Company is always committed to maintain high standard of corporate governance with a view to assuring the conduct of management of the Company and protecting the interests of the Shareholders. The Company is fully aware that transparency and accountability in corporate governance are crucially important to the Shareholders. The Board considers that sound corporate governance can maximize Shareholders' interests.

The Company has adopted the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. During the Reporting Period, the Company had always complied with all applicable code provisions under the CG Code.

The Company shall review and strengthen its corporate governance practice from time to time, and strengthen internal control with the help of its PRC and Hong Kong legal advisors, so as to ensure compliance with the CG Code.

The Board consists of four executive Directors and three independent non-executive Directors. The Board is responsible for the operation and coordination of the development of the Company and monitoring the Company's business, strategic decisions and performance, and has full and timely access to all relevant information in relation to the Company's businesses and affairs, while the day-to-day management is delegated to the management of the Company. The independent non-executive Directors possess professional qualifications and related management experience in the areas of financial accounting, corporate governance, etc. and have contributed to the Board with their professional opinions.

Mr. Bai Xuankui ("**Chairman Bai**") is an executive Director and the chairman of the Board. He is responsible for the management of the Board and the overall strategic planning, business development and corporate governance functions. The Company believes that Chairman Bai's servicing as Director and Chairman since the establishment of the Company is conducive to the Company's formulating a correct development strategy. In terms of business operations, the Company's senior management, which comprises experienced and high caliber individuals from various sectors, will ensure decisions made by the Board be thoroughly implemented.

CORPORATE CULTURE

The Group has always adhered to the corporate mission of "Healthy Living Service Provider" and the corporate spirit of "Sincerity and Credibility". Based on the two bases of "sustainable development" and "compliance management", the Company aims to provide customers with "healthy life", "green life" and "harmonious life" through the improvement in five aspects, i.e. product quality, living environment, neighborhood groups, health and safety and property services, so as to achieve its corporate mission. The Company recognizes the importance of corporate culture and continues to strengthen corporate culture within the Group in order to enhance team cohesion, achieve mutual complementarity of advantages and sincere cooperation, and promote employees to achieve spiritual and material happiness, thus promoting the long-term sustainable development of the Company. Details of the Group's corporate culture, business strategy and business model are set out in the section headed "Chairman's Statement" in this annual report.



CORPORATE GOVERNANCE REPORT

THE BOARD

Duties

The Board is responsible for the operation and planning of the Group's development. It oversees the business, strategic decision-making and performance of the Group and timely understands all relevant information of the Group's business. The Board has delegated the day-to-day management and operation powers and duties to the senior management. For overseeing particular areas of affairs of the Company, the Company has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees duties as set out in their terms of reference. Some of the independent non-executive Directors have certain qualifications and relevant management experience on financial accounting and corporate governance aspects and provide professional opinions to the Board.

All the Board members should ensure that they shall exercise their duties with integrity and comply with applicable laws and regulations, which is all times in the interests of the Company and its Shareholders.

Composition of the Board

The Board comprises of four executive Directors (namely Mr. Bai Xuankui, Mr. Bai Wukui, Mr. Bai Guohua, and Mr. Dong Shiguang) and three independent non-executive Directors (namely Mr. Tian Hua, Mr. Qiu Yongqing and Ms. Gao Jianhua). The biographical details of each Director are set out in the "Biographical Details of Directors and Senior Management" section of this annual report.

Save as disclosed in this annual report, to the best knowledge of the Company, none of the Board members have any financial, business, family, or any other materials/relevant relationships.

During the Reporting Period, the Board has complied with the requirements under Rule 3.10(1) and Rule 3.10(2) of the Listing Rules that at least three independent non-executive Directors must be appointed and at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise. In addition, the number of independent non-executive Directors accounts for one-third of the Board members, which complies with the requirement under Rule 3.10A of the Listing Rules.

The Company has received from each of its independent non-executive Directors a written confirmation of their respective independence, and each of the independent non-executive Directors have confirmed their independence pursuant to the factors set out in Rule 3.13 of the Listing Rules. The Company considered all the independent non-executive Directors as independent.

All the Directors (including the independent non-executive Directors) have broad and valuable business experience, expertise and professional skills for the effective operation of the Board. The independent non-executive Directors are appointed as members of the Audit Committee, Remuneration Committee, and Nomination Committee.

CORPORATE GOVERNANCE REPORT

The Company has established relevant mechanisms to ensure that the Board can obtain independent views and opinions, for example, pursuant to the code provisions C.5.6 and C.5.9 of the CG Code, the Board and its committees are provided with sufficient information and have separate and independent access to the Company's senior management to make informed decisions. In particular, all members of the Board are entitled to timely access to the information of the Group (including but not limited to management accounts, operating performance and statistical data, audit results, and other relevant industry and market information and forecasts), as well as the assistance and professional advice of the company secretary (if necessary), at the expenses of the Company. The Board promotes an enlightened culture and constructive relationship between independent non-executive directors and other directors. The chairman of the Board also holds at least one meeting with independent non-executive directors every year without the presence of other directors and senior management to facilitate independent non-executive directors to raise realistic independent views and opinions.

In order to ensure the high degree of independence of the Board, the Nomination Committee reviews the implementation and effectiveness of these mechanisms every year, and makes recommendations to the Board in due course.

All Directors have confirmed that they have given sufficient time and attention to the affairs of the Group throughout their tenure during the year ended 31 December 2025. In addition, the Directors disclose to the Company in a timely manner their interests as a Director and their other commitments, such as directorships in other public listed companies and major appointments, as well as update the Company on any subsequent changes. As at the date of this report, none of the independent non-executive Directors concurrently hold directorships in more than 2 companies listed in Hong Kong (including the Company).

Board Diversity Policy

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") and the Nomination Committee has been delegated to be responsible for the implementation, monitoring and annual review of this policy.

In line with the vision of realizing the sustainable and balanced development of the Company, in order to equip the members of the Board with diverse views and perspectives, the Company regards the diversity of the Board as a necessary condition for realizing its strategic goals. The appointment of directors is based on merit and is carried out on the basis of full consideration of a series of diversity objectives, including gender, age, cultural and educational background, length of service, professional experience, understanding of the Group's business, and a wide range of personal traits, interests and values.

In terms of gender diversity, the Board believes that gender diversity is representative of Board diversity as well as all other measurable goals. The Board is committed to maintaining an appropriate proportion of female members, and the proportion of female representatives on the Board is 14.28% as at the end of the Reporting Period. The Company's goal is to maintain at least the current level of female representatives on the Board, with the ultimate goal of achieving gender equality.



CORPORATE GOVERNANCE REPORT

The Board believes that the current composition of members has provided the Company with a balance of skills, experience and a diversity of perspectives relevant to the Company's business needs. The Board will continue to review its composition on a regular basis and take into account the diversity of the Board in review to meet the business needs and interests of the Company.

The Nomination Committee reviews the implementation and effectiveness of the Board Diversity Policy at least once a year to ensure that the policy is still valid and appropriate for the Company and complies with regulatory requirements and good corporate governance practices.

To further strengthen gender diversity, the Board and the Nomination Committee are always on the lookout for potential successors to the Board. The Company regularly conducts recruitment and promotion to encourage and attract qualified employees to serve as senior management and positions on the Board.

Employee Diversity Policy

The Company recognises and firmly believes that workforce diversity, equality and inclusion drive sustainable corporate growth. The Company is committed to fostering and maintaining a diverse and inclusive workplace, valuing, respecting and treating all employees fairly. The Company provides equal opportunities for every individual and cultivate an open and dynamic working environment, enabling employees to leverage their strengths and fully realise their potential.

To achieve sustainable and balanced development, the Company regards the promotion of employee diversity as an important cornerstone for attaining strategic objectives and sustainable development. The Company strives to build a diverse workplace, ensuring that all employees are respected and treated fairly with equal opportunities.

All recruitment, remuneration, benefits, development and promotion are based on the principle of meritocracy, taking into account candidates' qualifications, experience, skills, potential and job performance, as well as the positive benefits of workforce diversity. No employee shall be subject to unfair treatment in the workplace on the grounds of gender, race, religion, age, disability, sexual orientation, nationality, political opinions, social status or ethnic minority background. The Company strictly prohibits any form of discrimination, harassment or maltreatment against employees.

In light of the nature of the Company's industry and market, the Company is committed to maintaining an appropriate gender balance and ensuring adequate female representation at the management.

The Company provides training and development opportunities, support and resources to employees from time to time to enhance their awareness of diversity, equality and inclusion. It also offers training programmes on diversity and inclusion-related issues to cater to the specific needs and career aspirations of different employees.

The Company provides employees with various mechanisms, including complaint procedures and whistle-blowing channels, to raise concerns relating to the working environment. Employees who consider themselves victims of improper conduct such as workplace discrimination or harassment may lodge complaints and report misconduct through internal communication channels.

CORPORATE GOVERNANCE REPORT

The Company will review this policy from time to time to ensure its effectiveness, appropriateness and legal compliance, and make amendments where necessary.

The Company is also committed to maintaining a balanced ratio of male to female employees. As at the end of the Reporting Period, female employees of the Company account for approximately 38% of the Group's total workforce and approximately 25% of its senior management. The Company's recruitment is merit-based and non-discriminatory. The Board is satisfied that the Company has achieved gender diversity in its workforce. For further details on the gender diversity of the Company's employees, please refer to the disclosures in the section headed "Environmental, Social and Governance Report" of this annual report.

Chairman and Chief Executive Officer

The chairman and chief executive officer of the Company are Mr. Bai Xuankui and Mr. Bai Wukui, both being executive Directors, respectively. The separation of roles of Chairman and chief executive officer enables balance of power and delegations, preventing the job responsibilities be concentrated on either one of them. The chairman is responsible for leadership work and the effective operation of the Board, whilst the chief executive officer is delegated for the effective management of business of the Group. The separation of responsibilities between the chairman and the chief executive officer is clearly defined and set out in written form.

Directors' Training and Continuous Professional Development

All the Board members understand the responsibilities as Directors and the operation and business activities of the Company. The Company is responsible for arranging induction programmes, continuous training and professional development for the Directors, and providing funding therefor. Accordingly, the Company shall arrange induction programmes for any newly appointed Director before formal appointment, ensuring that he/she have certain understanding on the business and operations of the Group and be fully aware of the responsibilities and obligations set out in the Listing Rules and relevant laws and regulations.

The Company arranges seminars regularly, providing the Directors with the development and amendment updates of the Listing Rules and other relevant laws and regulations. The Directors also regularly receive updates on the performance, conditions and outlook of the Company to enable the Board to work as a whole and the Directors to exercise each of their own duties. The Company updates and provides written training materials about Directors' roles, functions and duties from time to time, and encourages Directors to read such materials. Each Director has to submit a training record each year.



CORPORATE GOVERNANCE REPORT

During the Reporting Period, all Directors (namely, Mr. Bai Xuankui, Mr. Bai Wukui, Mr. Bai Guohua, Mr. Dong Shiguang, Mr. Tian Hua, Mr. Qiu Yongqing and Ms. Gao Jianhua) attended formal and all-rounded trainings. The Company has received each Director's training record for the Reporting Period.

Appointment and Re-election of Directors

The Nomination Committee is responsible for reviewing Board composition and monitoring the appointment, re-election and succession planning of Directors. Procedures and process for the appointment, re-election and removal of Directors are set out in the Articles of Association.

Each executive Director entered into service contract with the Company for a term of three years. The service contract can be terminated according to its terms.

Each independent non-executive Director entered into a letter of appointment with the Company for a term of three years. The service contract can be terminated according to its terms.

None of the Directors has entered into a service contract with the Group which is not terminable within one year without compensation (other than statutory compensation).

Pursuant to Article 84(1) of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Mr. Bai Wukui, Mr. Bai Guohua and Mr. Qiu Yongqing will retire by rotation at the annual general meeting in accordance with Article 84(1) of the Articles of Association, and all of them are eligible and offer themselves for re-election.

Board Meetings

The Company has adopted the practice of holding at least four regular Board meetings each year (approximately once in a quarter). Notice of regular Board meetings shall be distributed to all the Directors at least 14 days before the meeting. Discussion matters shall be set out in the agenda of each meeting. Notices of other Board Committee meetings shall normally be delivered according to the requirements of the terms of reference. Meeting agenda and relevant meeting papers shall be sent to the Directors and Board Committee members at least 3 days before the meeting to ensure that they have adequate time for the review of the documents. If the Directors and the Board Committee members are unable to attend the meetings, they shall be notified of the discussion matters and provide their views to the chairman of meeting before the meeting. Minutes of Board meetings and Board Committee meetings shall be kept by the Company, a copy of which shall be circulated to the Directors and relevant Board Committee members for reference and for records.

CORPORATE GOVERNANCE REPORT

Minutes of Board meetings and Board Committee meetings shall record the matters considered and the decisions reached in the meetings, including the questions raised by the Directors and the Board Committee members. Draft of the minutes of Board meetings and Board Committee meetings shall be provided to Directors and relevant Board Committee members in reasonable time for consideration and comments. The Directors are entitled to inspect the minutes of Board meetings and Board Committee meetings.

During the Reporting Period, the Company held four Board meetings and one general meeting. Attendance of Directors at such meetings is set out in the following table:

Directors	Number of Board meetings attended/held	Number of general meetings attended/held
Mr. Bai Xuankui	4/4	1/1
Mr. Bai Wukui	4/4	1/1
Mr. Bai Guohua	4/4	1/1
Mr. Dong Shiguang	4/4	1/1
Mr. Tian Hua	4/4	1/1
Mr. Qiu Yongqing	4/4	1/1
Ms. Gao Jianhua	4/4	1/1

The chairman of the Board convened a meeting with the independent non-executive Directors without the presence of the executive Directors during the Reporting Period.

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

The Company has adopted the Model Code as its own code of conduct for securities transactions by Directors. Having made specific enquiry to all Directors, each of them, save as disclosed below, has confirmed that he/she has complied with the Model Code during the Reporting Period. On 4 March 2025, Mr. Bai Wukui, the Company's executive Director, acquired 1,000 shares of the Company. His acquisition of shares fell within the blackout period under Rule A.3(a) of the Model Code for the Company's annual results publication for the year ended 31 December 2024. As a result, the acquisition of shares was not in compliance with Rules A.3(a)(i) and B.8 of the Model Code. The Board takes corporate governance seriously and has put in place a number of steps and measures to ensure that each Director is well informed and aware of their duties and obligations under the Model Code. The Board considers that this is a single incident and an inadvertent mistake on the part of Mr. Bai Wukui. To prevent similar instances of non-compliance in the future, Mr. Bai Wukui has attended a director training course in April 2025 to fully refresh his knowledge of the restrictions during the blackout period.



CORPORATE GOVERNANCE REPORT

DELEGATION OF THE BOARD

The Board retains the decision making rights for major matters of the Company, including approving and monitoring all policy affairs, overall strategy and budget, internal control and risk management systems, major transactions (especially those with possible conflict of interests), financial information, appointment of directors and other major financial and operational matters. The Directors may seek independent professional advice when exercising their duties, the cost of which is borne by the Company. The Directors are also encouraged to conduct independent consultation with the senior management of the Company.

The Group's day-to-day management, administration and operation are delegated to the senior management of the Company. The Board regularly reviews the functions and duties delegated to the senior management of the Company.

CORPORATE GOVERNANCE FUNCTIONS

The Board understands that corporate governance is a shared responsibility among all Directors. The Board has delegated the corporate governance functions to the Audit Committee, including:

- (i) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (ii) to review and monitor the training and continuous professional development of Directors and senior management;
- (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (v) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the Reporting Period, the Audit Committee has performed the aforementioned corporate governance functions, and has reported to the Board.

BOARD COMMITTEES

Nomination Committee

The Nomination Committee comprises of three members, including one executive Director, Mr. Bai Xuankui (chairman), and two independent non-executive Directors, Mr. Qiu Yongqing and Ms. Gao Jianhua. Therefore, the majority of members are independent non-executive Directors. The major duties of the Nomination Committee include:

- (i) review the structure, size and composition (including the skills, knowledge, experience and diversification) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (ii) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (iii) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors;
- (iv) assess the independence of independent non-executive Directors.
- (v) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive;
- (vi) support the Company's regular evaluation of the Board's performance;
- (vii) assess the time commitment and contribution of each director to the Board, as well as the director's ability to discharge his or her responsibilities effectively annually and discloses its assessment;
- (viii) to review the Board Diversity Policy and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and to make disclosure of results of its review in the corporate governance report of the Company on a yearly basis;
- (ix) to review the policy for the nomination of Directors ("**Director Nomination Policy**"). The Nomination Policy shall set out, inter alia, the nomination procedures and process and criteria to select and recommend candidates for directorship; and
- (x) to consider other topics, as defined by the Board.



CORPORATE GOVERNANCE REPORT

Nomination Policy

The Company adopts a Director Nomination Policy, including nomination procedures and processes as well as criteria for screening and recommending director candidates, so that the Board has a sustainable and optimal combination of members to the greatest extent, ensuring that the Board members have the skills, experience and diversity requirements required by the Company's business.

When selecting director candidates, the Nomination Committee comprehensively considers the following factors:

- character and honesty;
- qualifications (including professional qualifications, skills, knowledge and experience relevant to the Company's business and corporate strategy);
- requirements for independent non-executive Directors under the Listing Rules and whether candidates are considered independent in terms of independence guidelines as set out in the Listing Rules;
- any measurable goals adopted for diversity and potential contributions to the Board in respect of the diversity of candidates;
- the willingness of candidates and whether they can devote enough time and have relevant interests to perform the duties; and
- other factors applicable to the Company's business and its successor plans.

For the appointment of new Directors, the Nomination Committee as authorized by the Board shall identify and evaluate candidates according to the above criteria to determine whether the candidates are eligible to serve as Directors. If the candidates are deemed qualified, the Nomination Committee will recommend them to the Board for consideration; and if the Board considers them appropriate, it will approve the appointment of the proposed candidates as new Directors.

CORPORATE GOVERNANCE REPORT

For the re-election of Directors at the AGM, the Nomination Committee as authorized by the Board shall review the contributions made by the retiring Directors and whether they can continue to perform their duties as required according to the above criteria. The Board shall then recommend Directors for re-election to the shareholders at the AGM in accordance with the recommendation of the Nomination Committee.

For the nomination of any candidate (except retiring directors) by the Board or Shareholders for election as directors at the general meeting of the Company, the Nomination Committee shall, after receiving the nomination proposal and the candidate's resume, evaluate whether he/she is suitable according to the same criteria as stated above. The Board may or may not make recommendations to Shareholders on their voting for the proposed election in the relevant announcement and/or circular to Shareholders as recommended by the Nomination Committee.

The Nomination Committee will regularly review the Director Nomination Policy to ensure its effectiveness.

The terms of reference of the Nomination Committee is posted on the websites of the Stock Exchange and the Company.

In order to enhance the effectiveness of the Board and corporate governance standards, the Board shall maintain a balance of composition of executive and non-executive Directors (including independent non-executive Directors) to enable high level independence of the Board for effective demonstration of independent judgment. During the Reporting Period, the Nomination Committee held one meeting. Attendance of the Nomination Committee members at such meeting is set out in the following table:

Committee members	Number of meetings attended/held during his/her tenure
Mr. Bai Xuankui	1/1
Mr. Qiu Yongqing	1/1
Ms. Gao Jianhua	1/1

During the Reporting Period, the Nomination Committee has reviewed the structure, size and composition of the Board, made recommendations to the Board on the re-appointment of Directors, and assessed independence of the independent non-executive Directors.

The Board amended the terms of reference of the Nomination Committee in August 2025. This amendment aims to supplement the functions of the Nomination Committee in assisting the Board in preparing a board skills matrix and supporting the Company in conducting regular evaluations of the Board's performance.



CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Remuneration Committee comprises of three members, including two independent non-executive Directors, Mr. Tian Hua (chairman) and Ms. Gao Jianhua, and one executive Director, Mr. Bai Xuankui. Therefore, the majority of members are independent non-executive Directors. The major duties of the Remuneration Committee include:

- (i) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (ii) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (iii) to make recommendations to the Board on the remuneration of non-executive Directors;
- (iv) to review and approve the management's remuneration with reference to the Board's corporate goals and objectives;
- (v) to review and approve the compensation payable to executive directors and senior management members for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair, reasonable and not excessive;
- (vi) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (vii) to ensure that no Director or any of his associates be involved in deciding his own remuneration;
- (viii) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; and
- (ix) to review and/or approve the matters related to share scheme under Chapter 17 of the Listing Rules.

The terms of reference of the Remuneration Committee is posted on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Remuneration Committee held one meeting. Attendance of the Remuneration Committee members at such meeting is set out in the following table:

Committee members	Number of meetings attended/held
Mr. Tian Hua	1/1
Ms. Gao Jianhua	1/1
Mr. Bai Xuankui	1/1

During the Reporting Period, the Remuneration Committee has reviewed the remuneration policy and structure for all Directors and senior management of the Company, reviewed the remuneration of individual Directors and senior management and made recommendations to the Board.

Audit Committee

The Audit Committee comprises of three independent non-executive Directors, including Mr. Tian Hua (chairman), Mr. Qiu Yongqing and Ms. Gao Jianhua.

The major duties of the Audit Committee include:

1. Liaison with the Company's external auditors

- 1.1 to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approval of the remuneration and terms of engagement of the external auditor, and any question of its resignation or dismissal;
- 1.2 to review and monitor the external auditor's independence and objectivity as well as the effectiveness of the audit process in accordance with applicable standard. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- 1.3 to develop and implement policy on the engagement of an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally; and
- 1.4 to identify, report to and make recommendations on any matters to the Board where action or improvement is needed.



CORPORATE GOVERNANCE REPORT

2. Review of the Company's financial information

- 2.1 to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them; and
- 2.2 regarding 2.1 above: (i) members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Company's auditors; and (ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer and auditors.

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

- 3.1 to review the Company's financial control, and unless expressly addressed by a separate board risk committee, or by the board itself, to review the Company's risk management and internal control systems;
- 3.2 to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. The discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions;
- 3.3 to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to such findings;
- 3.4 to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- 3.5 to review the Group's financial and accounting policies and practices;
- 3.6 to review the external auditors' management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- 3.7 to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- 3.8 to act as the key representative body for overseeing the Company's relationship with the external auditor;

CORPORATE GOVERNANCE REPORT

- 3.9 to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- 3.10 to report to the Board on the matters in the code provisions of the CG Code under Appendix C1 of the Listing Rules;
- 3.11 to consider other topics, as defined by the Board;
- 3.12 where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Company should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the Board has taken a different view; and
- 3.13 the Audit Committee should establish a whistle blowing policy and system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company.

4. Performing the Company's corporate governance functions

- 4.1 to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- 4.2 to review and monitor the training and continuous professional development of Directors and senior management of the Company;
- 4.3 to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- 4.4 to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors of the Company; and
- 4.5 review the Company's compliance with the code provisions of the CG Code and disclosure in the Corporate Governance Report of the Company.

The terms of reference of the Audit Committee is posted on the websites of the Stock Exchange and the Company.



CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Audit Committee held two meetings. Attendance of the Audit Committee members at such meetings is set out in the following table:

Committee members	Number of meetings attended/held
Mr. Tian Hua	2/2
Mr. Qiu Yongqing	2/2
Ms. Gao Jianhua	2/2

During the Reporting Period, the Audit Committee reviewed the annual results of the Group for the year ended 31 December 2024, the interim results of the Group for the six months ended 30 June 2025, the financial reporting systems, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget for accounting and financial reporting functions), risk management systems and process. The Board has not deviated from the recommendation of the Audit Committee on selection, appointment, resignation and removal of external auditor.

The Audit Committee also reviewed the annual results of the Group for the year ended 31 December 2025, and the audit report prepared by the external auditor related to accounting issues and material findings during the audit process.

REMUNERATION OF DIRECTORS AND FIVE EMPLOYEES WITH HIGHEST REMUNERATION

Details of the remuneration of the Directors and five employees with the highest remuneration for the Year are set out in Note 8 and Note 9 to the consolidated financial statements, respectively.

REMUNERATION OF SENIOR MANAGEMENT

During the Reporting Period, the remuneration of senior management of the Group fell within the following bands:

	Number of individuals
HK\$300,000 or below	3
HK\$300,001 to HK\$400,000	1

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2025, which gives a true and fair view of the financial position of the Group.

The Board is supplied with sufficient explanation and information by the management to enable the Board to make an informed assessment of financial and other information put before it for approval.

The Board is not aware of any material uncertainties relating to events or factors that may cast significant doubt upon the Group's ability to operate as a going concern.

The statement by the Company's auditors about their reporting responsibilities on the consolidated financial statements is set out in Independent Auditor's Report on page 339 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for monitoring the risk management and internal control systems, and ensuring the proper maintenance and effectiveness of the risk management and internal control systems. The Board also oversees the management in the design, implementation and monitoring of the risk management and internal systems, and the management provides the Board with confirmation on the effectiveness of the relevant systems. The Board considers that such systems aim at managing, instead of eliminating, the risk of failure in performing business objectives, and merely giving reasonable but not absolute guarantee to the absence of unmaterial fact, statement or loss.

The Board is responsible for the risk management and internal control systems. It performs a review on the effectiveness of the risk management and internal control systems at least once a year. The Company has established an internal control department, which plays an important role in monitoring the risk management and internal control systems of the Group. Through the Audit Committee, the Board continuously reviews the effectiveness of the risk management and internal control systems, including monitoring procedures for finance, operations, compliance, risk identification and assessment, and implementation of risk response measures. The audit procedures include:

- (1) the internal control department of the Group assessing the relevant systems;
- (2) the management ensuring the maintenance of effective risk management and internal control systems; and
- (3) the external auditors discovering internal control problems when carrying out statutory audits.

The management and internal control department, supported by the Board, are responsible for the design, implementation and monitoring of the risk management and internal control systems, as well as reporting to the Board and the Audit Committee.



CORPORATE GOVERNANCE REPORT

During the Reporting Period, the management and internal control department reported to the Board and the Audit Committee periodically in relation to the adequacy and effectiveness of internal controls, including but not limited to any indications of failings or material weaknesses in the control procedures.

The following key processes are used to identify, evaluate and manage the Group's significant risks:

- (1) the Board and the Audit Committee set up the targets for risk management;
- (2) internal control department identifies the risks, which may potentially impact the normal operation of the Company, and analyses the and evaluates the significance of such risks;
- (3) the management, internal control and various departments assess the adequacy of existing controls, determine and adopt plans to mitigate the risks;
- (4) the management monitors the risk mitigation activities; and
- (5) reports regularly to the Board and the Audit Committee.

The Company has adopted policies and procedures for assessing the effectiveness of the risk management and internal control systems, and requiring the management to provide confirmation to the Board periodically on the effectiveness of the systems. The Board has also established a set of reporting procedures, whereby employees, customers, suppliers and other cooperative partners can report any actual or suspected occurrence of misconduct involving the Group, and for such matters to be investigated and dealt with efficiently in an appropriate and transparent manner.

The Company strictly regulates the handling and dissemination of inside information to ensure such 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 Reporting Period, the management and internal control department have performed extensive assessments on special risks faced by the Group and conducted a review on the effectiveness of the risk management and internal control systems of the Group. The Board and the Audit Committee were not aware of any areas of concern that would have material impact on the Group's financial position or operating results, 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 and financial reporting functions.

NON-COMPETITION UNDERTAKING

Mr. Bai Xuankui, Mr. Bai Guohua, Ms. Cheng Guilian, White Dynasty Global Holdings Limited and White Empire (PTC) Limited, the controlling Shareholders of the Company, have confirmed in writing with the Company that they have complied with the undertakings under the deed of non-competition during the period from the date of signing the Deed of Non-competition until 31 December 2025.

The independent non-executive Directors have also reviewed the compliance with the undertakings under the Deed of Non-competition by the Controlling Shareholders during the Reporting Period and confirmed that there was no breach of undertakings under the Deed of Non-competition by any of the Controlling Shareholders.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

For the year ended 31 December 2025, the audit services fees payable to its external auditor, BDO, amounted to RMB2.38 million. No non-audit services fee was incurred.

COMPANY SECRETARY

To maintain sound corporate governance and ensure the compliance with the Listing Rules and applicable Hong Kong laws, for the year ended 31 December 2025, the Company engaged Ms. Lee Angel Pui Shan, a Corporate Secretarial Executive of SWCS (a company secretary service provider), to act as the company secretary of the Company. Ms. Lee Angel Pui Shan resigned as the company secretary of the Company on 27 March 2026 and Ms. Au Wing Han was appointed as the company secretary of the Company on the same day. Their primary contact person at the Company is Mr. Bai Guohua, an executive Director.

According to the requirements of Rule 3.29 of the Listing Rules, Ms. Lee Angel Pui Shan took no less than 15 hours of relevant professional training during the Reporting Period.

SHAREHOLDERS' COMMUNICATIONS AND INVESTOR RELATIONS

The Company believes that effective communication with Shareholders is very important for strengthening investor relations and allowing investors to understand the Group's business, performance and strategy. The Company is also convinced of the importance of timely and non-selective disclosure of Company information for Shareholders and investors to make informed investment decisions.

The annual general meeting of the Company provides opportunities for Shareholders to communicate with the Directors directly. Chairman of the Board and chairmen of each Board Committee will attend the annual general meeting and answer questions raised by the Shareholders. The external auditor will also attend the annual general meeting and answer questions regarding audit work, preparation of auditor's report and its content, accounting policies and independence of auditor.

The chairman of the Board ensures that appropriate steps are taken to maintain effective communication with the Shareholders and that their views are communicated to the Board as a whole. The Company is committed to carefully listening and evaluating the impact of operations to its stakeholders, including the Shareholders, the employees, the investors and the community. This policy aims at ensuring the Shareholders are provided with ready, equal and timely access to information about the Company, in order to enable Shareholders to exercise their rights in an informed manner and to enhance communication between the Company and the Shareholders.



CORPORATE GOVERNANCE REPORT

The Company strictly complies with disclosure requirements under the Listing Rules with respect to the disclosure of its financial statements and fosters two-way communication between the Company and the Shareholders and potential investors mainly through the following channels:

(i) Corporate communication

Annual and interim reports, results announcements, circulars and notices of general meetings and associated explanatory documents will be published in a timely manner on the websites of the Company and the Stock Exchange.

Corporate communication of the Company will be provided to the Shareholders in both English and Chinese versions to facilitate the Shareholders' understanding.

Shareholders can choose to receive corporate communications via electronic means, with the aim of reducing resource consumption relating to printing and distribution of hard copies.

(ii) Shareholders' enquiries and general meetings of the Company

Shareholders can raise any comments on the performance and future directions of the Group to the Directors at general meetings and are welcomed at all times to send their enquiries on the matters of the Company to the Board and/or Investor Relations Department by post to the Company's head office and principal place of business in the PRC (18 Anning Street, Yuci District, Jinzhong City, Shanxi Province, the PRC) or by email to the Company's mailbox (cx fz@chen-xing.cn).

(iii) Capital market communications

Periodic meetings with institutional investors will be held from time to time in order to facilitate communication between the Company and Shareholders and the investor community.

The Board reviews the Shareholders' communication policy on an annual basis, and makes any changes it considers necessary to ensure its effectiveness and that the legal interests of Shareholders and investors are substantially protected.

The Board has conducted a review of the implementation and effectiveness of the Shareholders' communication policy of the Company during the Reporting Period. Having considered the communication channels in place, the Board is satisfied that an effective Shareholders' communication policy has been properly implemented throughout the year ended 31 December 2025.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

For the protection of Shareholders' benefits and rights, the Company shall propose separate resolutions for each question (including the election of each Director) at a general meeting.

All resolutions proposed at a general meeting shall be voted on by poll according to the Listing Rules, the results of which shall be posted on the websites of the Stock Exchange and the Company after the date of the general meeting in due course.

CONVENING OF EXTRAORDINARY GENERAL MEETING AND THE PROPOSAL OF RESOLUTIONS

Pursuant to Article 58 of the Articles of Association, any one or more members holding at the date of deposit of the requisition, Shares in the share capital of the Company that represent not less than one-tenth of the voting right at general meetings of the Company on a one vote per Share basis and shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. The procedures for Shareholders to convene an extraordinary general meeting are set out in the document entitled "Procedures for Shareholders to Convene a General Meeting", which is posted on the Company's website.

The Articles of Association and the laws of the Cayman Islands do not stipulate the procedures for Shareholders to propose resolutions at annual general meetings. Should the Shareholders wish to propose resolutions, they may refer to the "Procedures for Shareholders to Convene a General Meeting".

Regarding the procedures for nomination of Directors, please refer to "Procedures for Shareholders to Nominate Candidates for Directors" posted on the website of the Company for details.

ENQUIRY TO THE BOARD

Shareholders may send by email to the Company's email address (cx fz@chen-xing.cn) or by post to the Company's principal place of business in Hong Kong (40th Floor, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong) to raise enquiries regarding the Company to the Board.

AMENDMENT TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company has not made any amendments to the Company's memorandum and articles of association during the Reporting Period.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Chen Xing Development Holdings Limited (“**Chen Xing Development**” or the “**Company**”) and its subsidiaries (the “**Group**” or “**we**”) is pleased to release the Environmental, Social and Governance Report (the “**ESG Report**” or this “**Report**”) to present our policies and performance in terms of sustainable development. The Board has reviewed and approved this Report.

REPORTING STANDARDS

This Report has been prepared in compliance with Appendix C2 — “Environmental, Social and Governance Reporting Code” (the “**Code**”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the content covered has complied with the mandatory disclosure requirements, “comply or explain” provisions of the Code and the requirements of the four reporting principles (materiality, quantitative, balance and consistency). An index to the Code is included in the final chapter of this Report to facilitate quick reference to the contents of this Report.

Materiality	This Report has identified and disclosed the process of material environmental, social and governance issues, the criteria for selecting these issues, and the description of the identified important stakeholders and the process and results of stakeholder engagement.
Quantitative	We have disclosed the statistical criteria, methods, assumptions and/or calculation tools used to compile the key performance indicators (KPIs) and the source of the conversion factors.
Balance	This Report presents the Group’s performance for the reporting period in an unbiased manner, avoiding selections, omissions or presentation formats that may inappropriately influence the decisions or judgements of the reader of the report.
Consistency	We have used statistical disclosure methods which are consistent with those for the previous years in this Report. If there are any changes to the statistical methodology or key performance indicators or any other relevant factors that affect meaningful comparisons, we will make this clear in the this Report.

SCOPE OF THE REPORT

This Report describes the Group’s policies, initiatives and KPIs relating to the sustainable development of its core business for the period from 1 January 2025 to 31 December 2025 (the “**Year**” or the “**Reporting Period**”). Unless otherwise stated, this Report covers the scope of the Group’s annual report for the Year and the data of environmental KPIs are collected from the Group’s head office building in Jinzhong City, Shanxi Province as well as the subsidiary projects in Taiyuan City.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

LANGUAGE OF THE REPORT

This Report is issued in both traditional Chinese and English. In case of discrepancies, the traditional Chinese version shall prevail.

REPORT APPROVAL

This Report was approved by the Board of Directors on 27 March 2026 after confirmation by the management.

REPORT FEEDBACK

We value your views on this Report and if you have any enquiries or suggestions, please feel free to contact us via email: cxzf@chen-xing.cn.

AWARDS AND HONOURS

Chen Xing Development has always upheld its corporate mission of “Healthy Living Service Provider” and corporate spirit of “Sincerity and Credibility”, and constantly enhances its core competitiveness, striving to achieve leapfrog development with higher quality products and better service.

Chen Xing Development has been listed in “Top 500 China Real Estate Development Enterprises” for 12 years, and the relevant evaluation results have become an important standard for the comprehensive strength and industry status of real estate development enterprises.

In November 2025, Mianyang Chenxing Yazhi Real Estate Development Co., Limited was selected as one of the “2025 Sichuan Top 50 Private Service Enterprises” by the Sichuan Provincial Federation of Industry and Commerce.

The Company will continue to be guided by the development of “high-quality housing,” focusing on the development of high-end housing for home upgrades. With the core development philosophy of returning to the essence of residence, it will increase investment in product research and development, green buildings, and smart homes. The Company will comprehensively enhance product design, construction quality, intelligence level, and green and low-carbon standards to meet the “high-quality housing” criteria and consumers’ demand for a high-quality living experience.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



2025 Sichuan Top 50 Private Service Enterprises

SUSTAINABLE DEVELOPMENT STRATEGY

Statement by the Board of Directors

The Group is committed to fully integrating the ESG philosophy into its corporate strategy and daily operations, demonstrating its firm commitment to sustainable development. As the highest ESG decision-making level of the Group, the Board is responsible for the decision-making and oversight of the Company's ESG responsibilities, including setting the overall ESG direction, reviewing targets and conducting materiality assessments, managing ESG-related issues, and bearing overall responsibility for climate-related risks and opportunities. To better understand stakeholders' expectations of our ESG performance, we actively listen to the opinions and suggestions of our stakeholders through various communication channels.

During the Year, the Board reviewed the results of materiality assessment, reviewed the progress towards environmental objectives and assessed the Group's performance over the course of its operations. We are committed to managing environmental management objectives and practicing green development concepts, which cover waste management, greenhouse gas emission management, energy efficiency management and water efficiency management to reduce adverse environmental impact. We understand that effective communication with key stakeholders on progress towards our goals is critical, which not only helps them participate in the process, but also allows them to feel the changes and progress that the Company seeks to achieve.

We are deeply aware that the construction of "high-quality housing" will be the core of building a new development model for the real estate industry. As housing consumption continues to upgrade, the demand for housing for home upgrades is gradually replacing rigid demand as the dominant force in the market, driving the industry to transform toward quality and refinement. The market potential of high-quality residential properties and assets in core locations has become increasingly prominent. The Company will continue to be guided by the development of "high-quality housing," focusing on the development of high-end housing for home upgrades. With the core development philosophy of returning to the essence of residence, it will increase investment in product research and development, green buildings, and smart homes. Looking ahead, we will steadfastly advance sustainable development, continuously improve our ESG performance, and deliver more enduring value and contributions to our stakeholders and society.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Sustainability Governance

The Board assumes overall responsibility for the Group's ESG strategy and reporting. The Group has established an ESG governance framework to drive sustainable development efforts. To ensure effective ESG management, we have formed a three-in-one ESG management system consisting of the Board, ESG working group and ESG-related departments, and implemented a three-level working mechanism. We have established an ESG Working group, led by senior management, to assist the Board in monitoring the progress and performance of ESG work, so as to achieve the effectiveness of ESG governance.

Decision-making level: the Board of Directors

- Take full responsibility for ESG strategy and reporting
- Decide and approve the Group's ESG strategy, ESG material issues and ESG risk management
- Continuously track and review ESG-related performance and progress against targets to ensure that all ESG issues are properly managed and implemented

Organisational level: ESG Working Group

- Report regularly to the Board and senior management on ESG-related issues and progress
- Develop the Group's ESG strategy for the Board's approval and drive its implementation

Executive level: ESG-related Departments

- Collect and report on internal ESG policies, systems and ESG-related performance indicators
- Report regularly to the ESG Working Group

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholder Engagement

The Group firmly believes that close collaboration with all stakeholders is a key driver of sustainable corporate development. To ensure our sustainable development strategy effectively addresses stakeholders' expectations and needs, we maintain close communication with diverse stakeholders through various channels on an ongoing basis. We strive to gain in-depth insights into their evolving expectations and needs, thereby continuously reviewing, optimising and conducting targeted enhancement of our sustainable development performance. Through such sustained engagement, we not only ensure our measures align with current demands but also anticipate future challenges and opportunities. We will further deepen our collaboration with stakeholders, uphold an open and inclusive attitude, and jointly create long-term value for sustainable development.

Stakeholders	Communication Channels	Main Concerns
Customers	<ul style="list-style-type: none"> • Customer service centre • Online service platform • Customer satisfaction survey and feedback form • Daily operation/communication • Customer relations manager visits • Telephone and email 	<ul style="list-style-type: none"> • Compliance operation • Data privacy protection • Information transparency • Responsible marketing
Employees	<ul style="list-style-type: none"> • Work performance meetings • Labour union meetings • Special advisory committee/discussion panel • Face-to-face meetings • Employee Intranet 	<ul style="list-style-type: none"> • Occupational safety and health • Employee rights protection • Employee salary and benefits • Employee development and training • Product quality and safety
Shareholders/ Investors	<ul style="list-style-type: none"> • Annual general meeting and other general meetings • Interim reports and annual reports • Senior management/investor meetings • Corporate correspondence • Results announcements • Investor meeting 	<ul style="list-style-type: none"> • Risk management strategy • Corporate governance • Stable operation • Business growth • Investment income • Product quality and safety
Business partners	<ul style="list-style-type: none"> • Meetings • Strategic cooperation projects • Reports • Visits 	<ul style="list-style-type: none"> • Product quality and safety • Anti-corruption • Fair and just procurement • Environmental protection

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders	Communication Channels	Main Concerns
Peers	<ul style="list-style-type: none"> • Strategic cooperation projects • Communication meetings 	<ul style="list-style-type: none"> • Intellectual property protection • Responsible marketing • Anti-corruption • Green buildings
Regulatory authorities	<ul style="list-style-type: none"> • Compliance reports • Written replies to public inquiries • Meetings 	<ul style="list-style-type: none"> • Employee rights protection • Employee salary and benefits • Product quality and safety • Fair and just procurement • Environmental protection
Suppliers	<ul style="list-style-type: none"> • Supplier management procedures • Supplier/subcontractor assessment system • Meetings • On-site visits 	<ul style="list-style-type: none"> • Stable operation • Anti-corruption • Fair and just procurement • Building materials • Building life cycle management
Community/non-governmental organizations	<ul style="list-style-type: none"> • Community activities 	<ul style="list-style-type: none"> • Employee rights protection • Promotion of community development • Participation in social welfare undertakings • Waste management • Environmental protection

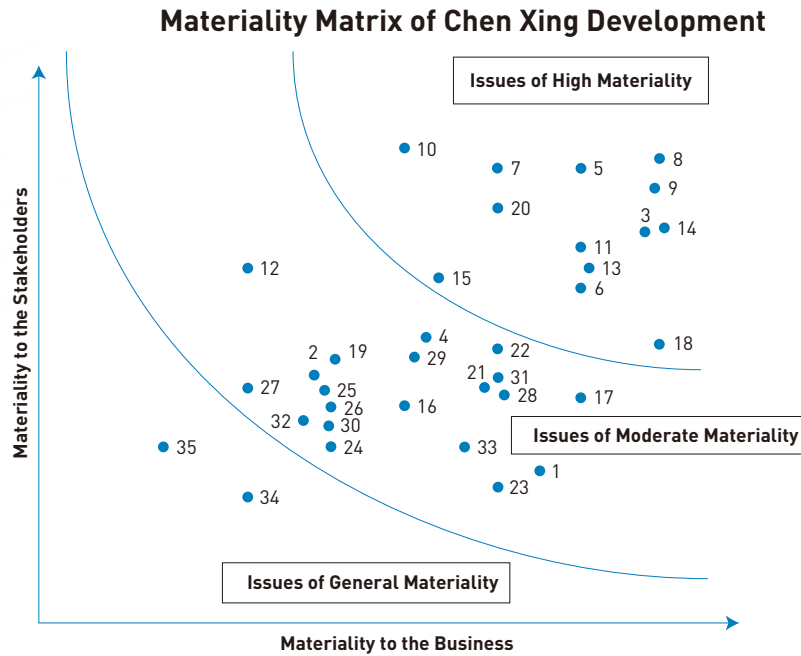
Materiality Assessment

The Group identifies and prioritises material ESG issues, aiming to allocate resources efficiently to the areas with the greatest impact on stakeholders and business. We regularly review our materiality assessment and continuously refine ESG management practices to ensure effective resource management that meets stakeholders' expectations and drives long-term business value. As there were no material changes in our business operations and business environment during the Reporting Period, the materiality assessment results can still reflect stakeholders' expectations of the Group, and after careful consideration, the management and ESG Working Group have decided to continue to adopt the key issues of the last year.

Following the "materiality principle" in the Code of the Stock Exchange, and with reference to the disclosure obligations covered by the Code of the Stock Exchange, relevant industries of the Sustainability Accounting Standards Board (SASB) of the United States, etc., we made a comprehensive analysis based on the survey results of various stakeholders on issues of materiality as well as the business operations of the Group during the Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group's management identified 35 issues of materiality, of which 13 issues of high materiality, 20 issues of moderate materiality and 2 issues of general materiality. The key issues are shown in the following diagram:



Key issues	Type of key issues
8. Service commitment	Issues of High Materiality
9. Protection of customers' privacy	
14. Protection of intellectual property right	
3. Compliance with laws and regulations	
5. Quality control	
11. Anti-corruption	
13. Complaint handling and responding mechanism	
7. Customer health and safety	
20. Prevention of child labour and forced labour	
6. Technology development and application	
18. Occupational health and safety	
10. Customer satisfaction	
15. Product labelling	

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Key issues	Type of key issues
22. Employees' professional conduct	
4. Responsible procurement	
31. Employees' environmental awareness	
17. Labour relations	
12. Whistle-blowing mechanism	
29. Use of materials	
21. Employee training and development	
28. Waste management	
19. Employee diversity, non-discrimination and equal opportunity	
16. Employment rights	Issues of Moderate Materiality
33. Green building	
23. Energy efficiency	
1. Economic performance	
2. Market competitiveness	
25. Water efficiency	
26. Exhaust emission	
30. Climate change	
24. Greenhouse gas emission	
27. Sewage discharge and treatment	
32. Biodiversity	
34. Attention to community	Issues of General Materiality
35. Community investment and involvement	



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PROSPECTS FOR 2026

Environmental responsibility

We will deepen the application of technological innovation and promote the construction of smart housing and smart communities, to improve the living experience. At the same time, the development of green buildings will be accelerated. Through the research, development and application of energy-saving and environmental protection materials and processes, more sustainable residential products will be created, to continuously enhance market competitiveness.

Quality responsibility

We will explore diversified development models, conform to industry trends, and strengthen brand building and service quality, so as to provide high-end housing with higher quality and better services and enhance product competitiveness.

Employee responsibility

We will build a professional core team and an excellent management team, and widely select talents in line with the development of the industry and the Company's philosophy to meet the needs of talent management and development.

Public responsibility

Focusing on the optimization of living environment and harmonious coexistence of communities, we will deepen the application of green technologies, and continue to improve the products of sustainable living solutions through innovation in respect of healthy housing product.

Partnership responsibility

We will adhere to high standards of supply chain compliance and transparency, and proactively implement supplier evaluation mechanism to ensure the quality and safety of every aspect.

EMPLOYEE CARE AND CAREER DEVELOPMENT

The Group has always regarded talent as the core pillar of corporate development and is committed to advancing sustainable development through the growth and progress of its employees. To this end, we have continuously optimized our talent management policies covering employment management, talent development, occupational health, equality and diversity, remuneration and benefits, so as to effectively safeguard the legitimate rights and interests of every employee. We attract and retain outstanding talents through fair and transparent recruitment mechanisms; and support employees in achieving their career goals through diverse training and development opportunities; we foster a safe and harmonious working environment through comprehensive safety and health measures; and ensure equal opportunities for all employees by advocating a culture of diversity and inclusion; employees' sense of belonging and satisfaction are enhanced through competitive remuneration and comprehensive benefit packages. The Group firmly believes that by building a workplace environment that balances incentives and support, we can achieve mutual growth between employees and the enterprise, laying a solid foundation for its long-term sustainable development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employees' Rights and Fair Practices

The Group has always upheld compliance with laws and regulations as a core principle in pursuing sustainable development, ensuring that all operations adhere to legal and ethical standards. We strictly comply with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Law of the People's Republic of China on the Protection of Minors (《中華人民共和國未成年人保護法》), the Provisions on Prohibition of Child Labour (《禁止使用童工的規定》), and other relevant labour and employment laws and regulations, and are committed to establishing a legally compliant employment environment. To this end, we have established a sound and transparent recruitment process. Through clear and standardised procedures, we conduct a comprehensive assessment of each candidate's background, academic qualifications, experience and skills to ensure their capabilities are accurately matched to job requirements. At the same time, we strictly prohibit any discrimination in employment opportunities based on gender, age, ethnicity, religion or other factors. The Group values the contributions of every employee. For employees who choose to resign, we handle the termination of labour relations in strict accordance with applicable laws and regulations, and carefully listen to their reasons for leaving to continuously improve our management practices. Through these efforts, we aim to strengthen the protection of employees' equal rights, enhance employment compliance resilience, and steadily advance the continuous improvement of the Group's talent system and sustainable development capabilities.

The Group always regards compliant employment as a fundamental bottom line and strictly abides by the Provisions on Prohibition of Child Labour, the Law of the People's Republic of China on the Protection of Minors and other relevant laws and regulations. During the recruitment process, we have established verification and cross-checking procedures for age and other identity information. We explicitly refrain from signing labour contracts with individuals who have not reached the legal working age, and firmly prevent any form of child labour. Meanwhile, the Group implements a standard working hour system, under which daily working hours shall not exceed 8 hours and weekly working hours shall not exceed 40 hours. Forced labour and any form of labour exploitation are strictly prohibited. Once suspected or actual violations are identified, we will promptly initiate investigation and accountability procedures in accordance with applicable laws and internal policies, handle relevant liabilities in accordance with laws and regulations, and adopt corrective and preventive measures to effectively protect employees' legitimate rights and interests and personal safety.

During the Reporting Period, there were no cases of non-compliance in relation to remuneration and dismissal, recruitment and promotion, working hours, equal opportunities on leave, diversity, antidiscrimination, other treatment and benefits, employment, employment of child labour or forced labour.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Enhancement and Support of Employee Well-being

The Group firmly believes that employees are the core driving force for the sustainable growth of enterprise. We respect and safeguard the legitimate rights and interests of our employees, and strictly comply with the Labour Law of the People's Republic of China as well as applicable laws and regulations in the regions where our local branches operate. On this basis, relying on our internal Employee Welfare System (《員工福利制度》), we not only effectively protect the basic rights of employees, but also provide them with a fair, transparent and market-competitive remuneration structure and corresponding welfare arrangements, sharing the value returns brought by corporate development with our employees.

To ensure that employees' dedication and contributions receive reasonable and recognizable incentives, the Group has formulated and implemented the Remuneration System Design Plan of Chen Xing Development (《辰興發展薪酬體系設計方案》), pursuant to which the remuneration of our employees consists of basic wages, appraisal wages, performance wages and seniority wages. We pay employees seniority wages based on the time they have served the Group, and pay employees appraisal wages and performance wages based on the results of regular employee performance appraisals. In addition to legal holidays, we also provide various types of leave benefits, such as annual leave, marriage leave, bereavement leave, maternity leave, sick leave, and work-related injury leave, aiming to help employees maintain a good balance between work and life. Through these measures, we are committed to continuously improving employees' satisfaction and happiness and creating a more harmonious working environment.

In terms of employee benefits, the Group uniformly provides eligible employees with social security benefits in strict accordance with national and local policies, including endowment insurance, unemployment insurance, medical insurance (comprising basic and critical illness medical insurance), work-related injury insurance, maternity insurance, as well as housing provident fund. Moreover, we issue holiday allowances during traditional festivals such as the Mid-Autumn Festival and the Spring Festival to convey our holiday blessings to employees. We also take full care of employees' needs and issue welfare allowances such as the only-child allowance, high temperature allowances, warming (heating) allowances, etc. to employees as appropriate, demonstrating the Group's care for employees. Through continuously improving our welfare and security system, we are committed to further enhancing employee well-being and fostering a positive and progressive working environment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee Health and Safety Protection

The Group deeply recognises that the occupational health and safety of employees is a vital cornerstone of the enterprise's sustainable development. We strictly comply with the relevant laws and regulations, such as the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, the Law of the People's Republic of China on Work Safety, the Fire Control Law of the People's Republic of China, the Provisions on the Supervision and Administration of Occupational Health in the Workplace, and the Regulations on Work-related Injury Insurance. We have formulated and implemented relevant internal documents such as the "Requirements for Environmental Protection and Occupational Health and Safety Control in Construction Processes" (《施工過程環保和職業健康安全控制要求》). Through regular workplace inspections, clear assignment of management responsibilities, and proactive identification of potential production accident risks, we are committed to creating a safe and healthy working environment for employees and ensuring their occupational safety and health are fully protected.

To further strengthen production safety, the Group attaches great importance to cultivating employees' safety awareness. We have formulated documents such as the "Construction Safety Inspection Standards" (《建築施工安全檢查標準》) and "Safety Operation Procedures for Various Types of work" (《各工種安全操作規程》), to continuously improve safety awareness among all employees, especially those engaged in construction activities. We always uphold the safety philosophy of "safety first, precaution foremost and comprehensive governance". Through safety education meetings, intensive training sessions, promotional materials displays, assessments and examinations covering key areas such as emergency rescue, special operations and electrical safety, we provide comprehensive and effective pre-job training for employees, aiming to foster a "safety first" corporate culture. Meanwhile, the Group actively cares for employees' physical health and regularly organises physical check-ups for employees at the head office to help them avoid health risks. Through these ongoing efforts, we are committed to safeguarding employees' physical and mental health, providing solid support for the long-term sustainable development of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case 1: Painting of Oriental Charm Wholeheartedly; United Efforts for the Chen Xing Dream — Chen Xing Development 2025 Outdoor Activity at Fantawild Theme Park

To foster a positive and healthy workplace atmosphere and further enhance in-depth interaction across departments, Chen Xing Development organized an outdoor team-building activity for its employees in the Jinzhong region at Fantawild Adventure Theme Park in April 2025. While experiencing the charm of oriental culture, employees also strengthened mutual understanding and coordination through teamwork. The activity not only effectively relieved work pressure but also further boosted team cohesion.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case 2: Carrying Forward the Red Heritage and Gathering Power to Strengthen the Country — Collective Watching Activity of the Military Parade Marking the 80th Anniversary of the Victory in the War of Resistance

To thoroughly implement and cultivate patriotism, carry forward the red heritage, and fully appreciate the great significance of the Chinese People's War of Resistance Against Japanese Aggression, as well as to cultivate the lofty aspiration of Assuring the Party of Our Loyalty and Committing to Strengthening Our Country, we organized employees to watch the military parade marking the 80th anniversary of the victory in the Chinese People's War of Resistance Against Japanese Aggression and the World Anti-Fascist War on 3 September 2025. This event not only enhanced employees' sense of national pride and cultural confidence, but also inspired a strong sense of mission to love the Party and the country across the Company, laying a solid ideological foundation for the high-quality development of the Company.



During the Reporting Period, the Group did not receive any complaint or involve in any litigation regarding the breach of health and safety related laws nor was there any case of work-related fatality in the past three years.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee Progress and Career Support

Employees' growth and progress are crucial to the long-term and stable development of the enterprise. We are committed to comprehensively enhancing employees' professional skills and overall competence through optimising our training system, and clarifying their career development paths. Our goal is to help employees achieve personal growth while creating new business achievements for the Group, thereby realising mutual prosperity for the enterprise and its employees. We firmly believe that continuous investment in employee training and development will enable employees to continuously surpass themselves.

In terms of employee promotion, the Group upholds a fair and impartial employment philosophy of selecting competent and virtuous talents. Based on the "Administration Measures of Employee Promotion Competition for Chen Xing Development" (《辰興發展員工晉升競聘管理辦法》) and performance indicators, we have established an employee appraisal and promotion system. Based on the business characteristics of each department and individual employee performance, we adopt objective and impartial evaluation methods and prioritise internal employees for promotion opportunities. Through comprehensive multi-dimensional assessment indicators, we provide a solid basis for employees' salary adjustments and rank promotions. Such practices effectively motivate employees' enthusiasm and creativity, promote the rational mobility and continuous growth of talents within the Group, and provide strong talent support for the Group's strategic goals, helping the Group achieve steady and long-term progress on the path of sustainable development. Looking ahead, we will build a professional core team and an outstanding management team. During industry restructuring, we extensively recruit outstanding talents who meet the requirements of industry development and align with the Company's business philosophy, so as to fulfil the talent needs of the Company's operation and development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CORPORATE COMPLIANCE AND STANDARDISED OPERATIONS

Chen Xing Development is committed to becoming a first-class health and lifestyle service provider in China, and operating our business with the core value of “Building a Brand Name with Good Faith and Improving Earnings through a Quality Brand”. In order to further standardize the operation process, we have been continuously strengthening our internal control system, striving to enhance the brand influence and industry status. During the Reporting Period, with regard to aspects such as the health and safety of the products and services we provided, advertising, labeling, and privacy, the Group did not have any violations of laws and regulations. This ensured that our business operations were not significantly affected. Through these efforts, we continuously enhance customer trust and satisfaction, and strive to build an even more outstanding brand image in the industry.

Production Safety and Risk Prevention and Control

Chen Xing Development upholds the principle of “Safety is First, Precaution is Crucial” and strictly abides by laws and regulations such as the Law of the People’s Republic of China on Work Safety (《中華人民共和國安全生產法》), and has formulated a series of supporting internal management standards such as project safety production management system, employee safety education and training system and occupational health and safety management objectives, to effectively identify potential hazard sources and comprehensively evaluate risks.

Production Safety and Operation Management

The Group has always placed production safety in the first place, and with a high sense of responsibility and rigorous attitude, it ensures that safety management runs through the entire process of operation. To achieve this goal, we have implemented strict control measures in all links. In addition to obtaining the necessary engineering construction permits in accordance with the law and setting up striking danger warning signs, we also integrate safety management deeply into every detail of daily operations. For example, we designate dedicated safety personnel at the construction site to conduct regular inspections and records to ensure that the personnel involved in the project can fulfill their duties. Meanwhile, we also organize and arrange construction teams to carry out pre-shift safety activities, check the allocation of labour protection supplies, and provide necessary support and guarantee. In order to timely reflect potential dangerous situations, we have also formulated and implemented the “Project Site Safety Emergency Response Plan (《項目現場安全應急預案》)”. These measures not only strengthen the implementation of production safety responsibilities, but also significantly improve the risk prevention and control capabilities, providing a solid guarantee for creating a safer and more reliable production environment.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Fire Safety and Hazard Rectification

In terms of fire prevention and control, the Group has always upheld the concept of “fire is ruthless, and fire prevention comes first”. To this end, we strictly comply with the Fire Protection Law of the People’s Republic of China and other relevant laws and regulations, and improve measures according to local conditions based on the policies of the project location and the actual situation of the construction site, to proactively investigate and eliminate fire hazards, and continuously carry out targeted fire publicity and education. To strengthen organizational guarantee, we have set up special institutions such as a fire safety leading group and a fire rescue team at the construction site, which are specifically responsible for daily fire safety work and complete the filing with the local fire supervision authority as required. At the same time, we actively popularize the concept of a “fire safety work environment” among all employees to enhance their awareness of fire prevention in daily work and establish a sense of crisis that “one should be prepared for danger in times of peace and prevent problems before they occur”. To more comprehensively implement fire prevention and control measures, we have also implemented the “Fire Safety Plan for the Construction Site” (《工程現場消防安全計劃》), which makes more detailed regulations on open fire operations, the storage of flammable items, and the management of firefighting equipment., forming a closed-loop mechanism from source pre-control, process control to emergency disposal. Through these solid measures, we continuously create a safe and reliable operating environment to ensure that every employee can work at ease under safe conditions.

QUALITY MANAGEMENT AND SERVICE ASSURANCE

To continuously meet and exceed customer expectations, the Group is committed to providing customers with high-quality and stable product and service experiences. Throughout the entire project construction cycle, we focus on the planning and standard setting for the project development stage, the engineering stage, and the project acceptance stage, to ensure that the quality inspection and evaluation of engineering projects are standardized. At the same time, we continuously improve the level of project management, strengthen quality control, and improve quality inspection procedures to ensure that all aspects meet the established high standards and customer requirements. Through these positive measures, we continuously improve delivery efficiency and quality, create a consistent and reliable customer experience, and ensure that projects are delivered safely, on schedule and with guaranteed quality.

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Development stage

- With the implementation of the “sample-leading” system, we require the production of a sample prior to the commencement of construction, and the sample must be accepted by all parties before it can be rolled out on a large scale, and the work after it is rolled out must not fall below the standard of the sample. This is to ensure that the project is built to the satisfaction of our customers.

Engineering stage

- In order to ensure the progress of projects, we have established a construction progress management system to ensure that a progress plan is drawn up for the construction of each project, so as to effectively control the orderly progress of construction. During the construction period of projects, we continue to monitor the progress of projects. We have entered into “Construction Works Supervision Contracts” (《建設工程委託監理合同》) with the construction supervision and management unit, which requires the construction supervision and management unit to enter the construction sites on time during the construction stage in accordance with the contracts, so as to shorten the construction cycle as much as possible.

Acceptance stage

- We strictly implement the inspection and acceptance requirements specified in the national standards, and have formulated the “Engineering Construction Quality Standards and Construction Acceptance Methods” (《工程施工質量標準及施工驗收辦法》) to provide standards for relevant quality control, material inspection and equipment acceptance, and for monitoring the quality of engineering construction. After the phased construction of a project is completed, we will timely summarise the construction quality and management of the phased construction, and prepare a summary report as a case reference for the next phase construction or the next construction project, providing a base for the continuous improvement of management level and construction quality.

Product delivery

- We have established strict property acceptance specifications for projects, and formulated acceptance procedures, policies and quality standards. After the completion of a project, the customer service department and engineering department of the Group, the supervision company, the construction contractor and the property management company will accompany the owner to the site for inspection. If there is a need for after-sales refurbishment, we will follow up on any problems identified during the acceptance process in accordance with the “Operation Instructions for Building Maintenance Management during Warranty Period” (《保修期內房屋維修管理作業指導書》). One year after the project has been delivered for use, the customer service department will pay a return visit to the residents and conduct a questionnaire survey on the quality and functionality of the residential property to ensure the quality of the products and services.



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In terms of enhancing customer satisfaction, the Group has always regarded the voice of customers as the core reference for optimizing services. We attach great importance to customer feedback, continuously optimize the customer experience, and pay attention to the after-sales service of projects, including the daily management of properties and the prompt response to the needs of residents. We keep improving our service quality to ensure that customers' requirements and expectations are met. At the same time, the Group has established a complete after-sales service and customer feedback channel, and regularly collects all opinions on product quality and services.

We have formulated and implemented the "System for Receiving Incoming Complaints and Regular Return Visits by Property Services Centre" (《物業服務中心接待來訪投訴和定期回訪制度》). Through various channels, we actively collect customers' opinions to enhance the communication between the property service center and customers. If there is feedback from residents, we will promptly address their needs. The reception staff of the property service center will conduct detailed investigations, verifications, and records, and promptly feedback the handling results to the relevant responsible departments. For the follow-up handling of complaints, we will specially assign commissioners to conduct regular follow-up visits to ensure that customers' complaints are properly handled and continuously improve our services.

During the Reporting Period, there were no projects of the Group rejected for safety reasons and no service complaints were received from our customers. The customer service approval rating is 92.7%. Through these continuous efforts, we are committed to deepening the trust relationship with customers and improving service quality.

SUPPLY CHAIN COMPLIANCE

The Group has always upheld high standards of compliance and transparency and strictly abides by laws and regulations including the Tendering and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》) and the Regulations on the Implementation of the Tendering and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法實施條例》), and has established and implemented a standardized and process-oriented bidding management system and carried out supplier selection and cooperation in accordance with the principles of fairness, impartiality and transparency.

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To ensure the quality and safety of the supply chain, we have established a multi-dimensional supplier evaluation and access mechanism. In addition to having a basic understanding of the suppliers' business nature and operational status, we also conduct a comprehensive scoring on items such as whether the suppliers have obtained qualified certifications like the ISO 9001 Quality Management System, their project experience, and performance capabilities, to confirm their investment and performance in areas such as product quality, environmental protection, occupational safety and health. Moreover, we conduct strict background checks, data reviews, and on-site evaluations of suppliers to ensure that their performance in aspects such as product quality, environmental protection, and occupational safety monitoring meets our standards. For example, we conduct quality inspections or on-site inspections of material suppliers, and conduct in-depth evaluations of the management level of supervision companies, the quality of supervision engineers, and their work performance. During the Reporting Period, the Group has conducted a comprehensive assessment of all suppliers, and all suppliers have met our assessment requirements. Through the above systems and practices, we have effectively improved the standardization, stability and reliability of the supply chain, supporting the high-quality delivery of projects.

To maintain sustainable development, we conduct strict reviews of our suppliers' environmental and social compliance. In addition to focusing on whether they comply with national regulations and local laws in terms of environmental protection, labor management, occupational safety and health, etc., we attach particular importance to their management and performance on key issues such as reducing pollution and waste emissions during the production process and eliminating child labor. At the same time, we deeply understand the suppliers' construction methods and raw material usage to ensure their compliance with local laws and regulations, reduce environmental and social risks in the supply chain from the source, and strengthen the responsible management of the supply chain.

We advocate and require suppliers to actively fulfill their environmental responsibilities, continuously optimize the impact of their operations on the environment, give priority to green procurement and low-carbon materials, and promote energy conservation, emission reduction and resource recycling, to reduce potential adverse impacts on the ecological environment.

During the Year, we had 24 major suppliers located in Shanxi, providing products and services in the areas of building components, electromechanical supplies, and finishing. We continuously improve the compliance and resilience of the supply chain, and jointly promote a green and responsible supply chain.



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Consolidating Information Security

In the rapidly developing digital era, the Group has always regarded information security as the cornerstone of corporate stable operation. The Group attaches great importance to the information security of the Company and customers. Chen Xing Development is committed to maintaining the confidentiality and security of the data of the Company and customers, and complies with the Regulations of the People's Republic of China on the Security Protection of Computer Information Systems (《計算機信息系統安全保護條例》), the Administrative Measures for the Security Protection of the International Network of Computer Information Networks (《計算機信息網絡國際聯網安全保護管理辦法》), the Regulations on Technical Measures for Internet Security Protection (《互聯網安全保護技術措施規定》), the Requirements for Security Protection of Interactive Internet Services (《互聯網交互式服務安全保護要求》) and the Basic Procedures and Requirements for Security Assessment of Internet Services (《互聯網服務安全評估基本程序及要求》) and other laws and regulations, to ensure information security with all strength. By implementing strict compliance management and advanced protection technologies, we have built a trustworthy digital environment for customers to ensure comprehensive protection of customer data.

Standardization of Information Security Management

In an era where information technology profoundly affects enterprise operations, the Group has always been committed to strengthening the information management of facilities, equipment and hardware, and building a safe and efficient digital system. To this end, we have formulated and implemented the "Information Management System" (《信息化管理制度》) and the "Document Management System of the Marketing Department" (《營銷部檔案管理制度》), which clearly delineate and stipulate the management of computer rooms, computers, network security management, and the behaviors of computer operators. When handling confidentiality work involving confidential information, we strictly implement relevant confidentiality policies. By classifying and grading the storage of information assets, we accurately restrict data access rights and usage scope to ensure clear responsibilities. We strictly control key aspects such as computer room management, computer and network equipment management, information management, network security management and computer operations. At the same time, to further improve the ability of information protection, we regularly update and optimize the firewall system, and hire a third-party company to conduct regular information security inspections on the Group's firewall to enhance risk prevention capabilities and response speed. Through these systematic measures, we have successfully created a safe and stable information management environment, providing solid protection for the data security of the Company and its customers, and effectively ensuring the data security of the Company and its customers.

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Strengthening Awareness of Information Security

In the current information age, protection of business information is critical. As one of the important assets of the Group, information security is the duty-bound responsibility and obligation of every employee. To this end, we clearly set out in the Employee Handbook (《員工手冊》) the obligations of the Group's employees to fulfill the duty of confidentiality for information assets such as the Group's trade secrets, customer information and employee information, etc. and require every employee to strengthen their awareness of prevention in daily life and work, improve their sensitivity to confidential information, and prevent any intentional or inadvertent information disclosure. By continuously strengthening the cultivation of information security awareness, we are committed to encouraging every employee to actively participate in information protection and jointly safeguard the Company's reputation and customer trust.

Implementation of Responsible Marketing

In the fiercely competitive market environment, business reputation is the core cornerstone for the Group to win customer trust and market recognition. The Group attaches great importance to safeguarding the legitimate rights and interests of its customers, strictly abides by the relevant advertising laws and regulations, including the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Detailed Rules for the Implementation of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), Provisions on the Release of Real Estate Advertisement (《房地廣告發佈規定》) and has formulated the "Administration of the Release of Advertisement" (《廣告發佈管理辦法》) to standardize the information release process, deliver complete, true and accurate information, and put an end to the use of all false and misleading information to deceive customers.

In addition, the Group attaches great importance to the protection of intellectual property rights, maintains the patent rights, trademark rights and copyrights of the Group and its partners in accordance with the Intellectual Property Law of the People's Republic of China (《中華人民共和國知識產權法》) and the Patent Law of the People's Republic of China (《中華人民共和國專利法》) and other laws and regulations, and holds employees or other individuals and organizations involved in violations and infringements accountable in accordance with laws, so as to protect the legitimate rights and interests of the Company from infringement.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTEGRITY GOVERNANCE AND RESPONSIBILITY FULFILLMENT

Operating with integrity is a fundamental principle of the Group and we are committed to high standards of ethics in our business activities. We strictly comply with the laws and regulations relating to integrity operations, such as the Supervision Law of the People's Republic of China (《中華人民共和國監察法》), the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Criminal Law of the People's Republic of China (《中華人民共和國刑法》) and the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》).

Integrity system

In the business practice that pursues both excellence and morality, the Group has always regarded the integrity of employees and third-party partners as a core principle, and is committed to creating a transparent and responsible business ecology. To this end, we have prepared the Integrity Convention (《廉政公約》) and Integrity Agreement (《廉政協議書》), which specify the code of ethics and conduct to be observed by employees and third party companies in their business activities. These documents clearly prohibit bribery and illegal acceptance of gifts. During the procurement and tendering process, we also prohibit the introduction of relatives and friends to engage in economic activities related to the Group's business, such as equipment supply, subcontracting of works, etc. We strengthen our internal controls through a robust system of monitoring, whistle-blowing, auditing and anti-corruption training to prevent corruption in all forms. Through these firm measures, we are committed to maintaining a fair and honest business environment, enhancing the trust of stakeholders, and helping to continuously improve the Company's reputation and value.

Construction and Educational Practice of Integrity Culture

The Group attaches great importance to the development of an integrity culture and is committed to establishing a long-term mechanism for professional ethics education. Given the stability of the members of the Board and key personnel in various functions during the year, integrity training covering anti-corruption legislation, risk assessment, internal control and whistle-blowing mechanism, etc. was completed in the last year. By implementing internal compliance systems, strengthening ethical values and preventing conflicts of interest, etc., we ensure that directors and employees continuously maintain a high level of integrity awareness and legal literacy. In the future, the Group will conduct a new round of thematic training in a timely manner in light of staff changes and updates on relevant laws and regulations, so as to ensure the timeliness and full coverage of integrity education.

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Supervision Mechanism and Compliance Review

In order to further strengthen the construction of integrity culture and transparency, we provide a secure and confidential whistle-blowing mechanism and channel to encourage employees to report suspected breaches of business ethics. Employees and people who have business dealings with the Group can report suspected corruption and fraud through channels such as email, telephone, and letter, and promptly detect and correct any misconduct. Any violations will be dealt with seriously. During the Reporting Period, there were no corruption-related litigation cases and no violations of relevant laws and regulations that have a significant impact on the Group's operations.

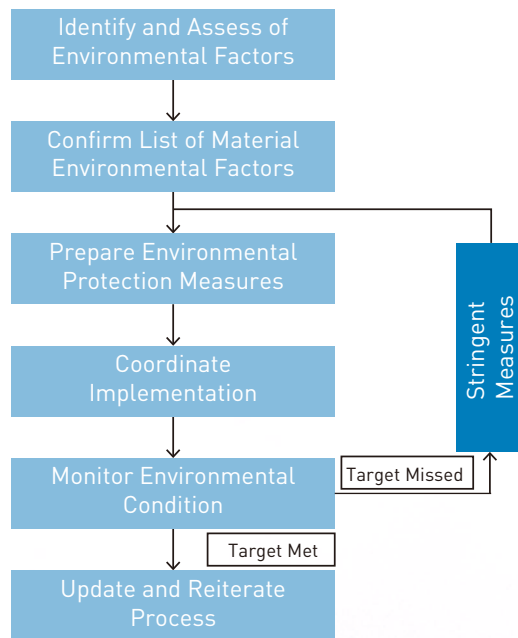
We will continue to promote integrity publicity and compliance training, improve institutional processes and internal control mechanisms, and create an open and fair working environment subject to supervision. We encourage every employee to actively participate in and support the construction of our integrity culture, and jointly safeguard the Company's reputation and values.

GREEN OPERATION AND ENVIRONMENTAL RESPONSIBILITY

The Group firmly promotes green operations, focuses on environmental management, and is committed to reducing carbon emissions and ecological impacts. We strictly comply with laws and regulations including the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), the Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise (《中華人民共和國環境噪聲污染防治法》), the Solid Waste Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國固體廢物污染環境防治法》) and the Regulations on Environmental Protection Management of Construction Projects (《建設項目環境保護管理條例》). During the Reporting Period, the Group did not violate any laws relating to environmental protection or cause any major incidents affecting the environment and natural resources, nor did it receive any notice of penalties or litigation in relation to environmental protection.

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To implement the national “carbon peaking and carbon neutrality” strategy and meet stakeholders’ expectations, the Group has integrated sustainable development into daily management. In terms of development direction, we actively explore key areas such as green buildings, improving resource utilization efficiency, and addressing climate change, striving to reduce our environmental footprint while achieving business growth. We are committed to promoting the coordinated coexistence of business operations and the natural environment, and endeavor to achieve a win-win situation between economic and ecological benefits. In order to promote the implementation of environmental protection, we have established and implemented the Environmental Protection Management System for Construction Projects (《建設項目環境保護管理制度》) and the Management Provisions on Code of Ethics at Project Sites (《工程現場文明標化管理規定》) and other relevant documents, which regulate the key aspects including environmental assessment of development projects and environmental acceptance of project completion, and systematically identify and control the factors that may have an impact on the environment in development and construction process. In terms of governance structure, we have established a leading group for environmental protection management, clarifying the division of responsibilities and working mechanisms; we have also formulated management and inspection systems for environmental protection and sanitation at construction sites, ensuring that the Group’s environmental protection policies are fully implemented at construction sites and that environmental protection measures are effectively put into practice in daily operations. Through the combined efforts of system guidance and on-site implementation, we continue to improve environmental management performance and steadily advance green and high-quality development.



Environmental Management Flow

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Green Design and Environmental Protection Innovation

To further steadily advance sustainable development and address climate change issues, measures such as green building, green construction and green operation will be continuously implemented throughout the entire project life cycle. We actively explore the low-carbon development of properties, and compiled the "Design Concept Brochure for Green Building Projects" (《綠色建築項目的設計概念小冊子》), covering use of natural light, lighting, energy saving, water conservation and site selection as a reference for green property design. We use highly efficient thermal insulation materials and equipment in our projects, and where possible, we adopt designs that integrate with the nature, such as the use of natural light, extensive use of vegetation, and the use of solar hot water systems to improve energy efficiency and manage greenhouse gas emissions. Meanwhile, we focus on reducing potential environmental pollution during the design and construction phases, and integrate various sustainable development concepts into the design, so as to play a steady and long-term role in promoting the sustainable development of communities and cities.

Environmentally Friendly Construction

To promote environmental protection and resource conservation in a more orderly manner, the Group strictly abides by the "Integrated Wastewater Discharge Standard (《污水綜合排放標準》)", "Methods for Measuring Noise at Construction Sites" (《建築施工場界噪聲測量方法》) and "Taiyuan City Emergency Plan for Weather of Heavy Pollution" (《太原市重污染天氣應急預案》) and other regulations relating to construction dust pollution, sewage discharge, noise management and construction waste. In relation to daily operations, we have formulated policies including the Green Construction Guidelines (《綠色施工導則》) and actively introduced advanced green technologies and adopted green construction practices in terms of energy, water use, materials and environmental protection. By strengthening environmental management and process control, we strive to reduce energy consumption and minimize adverse environmental impacts. Our green construction measures include:

Air Quality Management

Construction Dust

To reduce dust emission during construction:

- Adopt the new technology "Triple Protection-Heat, Flame and Dust-proofed Cloth" instead of the traditional green mesh covering construction materials
- Use new equipment for woodwork — "Integrated Woodworking Processing Machine"
- Carry out rust removal from steel structures in enclosed spaces

To prevent wind-borne dust:

- We require contractors to ensure that cement storages on site are kept closed, powered building materials are stored in bags or barrels with covers or separated with fences or stacked in work sheds



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Air Quality Management

To control the spreading of dust:

- The contractor will clean up the construction site in a timely manner and will control the spreading of dust by having dedicated workers who regularly spray water on the surface of powdered materials on the construction site

Transportation Dust

To reduce dust from transportation:

- We grow plants in the green area of the worksite, spray water on the roads regularly and require vehicles entering and leaving the site to be covered with tarpaulins
- We strengthen the maintenance of all vehicles to ensure performance and use efficient fuels to reduce exhaust emission

Waste Water on Construction Site

Sewage from toilet

- The sewage from the toilets is directed to the septic tank before being discharged into the on-site sewage network; the project environmental manager is responsible for liaising with the local sanitation department to clean the septic tank on a regular basis

Washout waste water

- The water from rinsing vehicles is collected and settled in sedimentation tanks, after which the water is sprinkled on the site for dust reduction, etc.

Noise and Vibration Control

- Contractors are required to take responsibility for noise management
- The working hours for noise-intensive works are strictly controlled in densely populated areas
- Low-noise and low-vibration machinery are used; noise and vibration isolation measures are adopted
- Real-time noise monitoring and control are carried out at the construction sites

Construction Waste Control

Liquid wastes

- Use bucket containers for storage, and clear out the waste in accordance with the relevant local regulations in a timely manner

High-rise wastes

- Use mobile, sealed containers for storage, and no toxic or hazardous materials are allowed to use for backfilling

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Green Practice

The Group is committed to gradually reducing the related carbon emissions, energy use, water use and waste generation intensity while ensuring a relatively stable level of operations by implementing a series of effective measures, so as to achieve efficient use of resources. Specific measures are as follows:

Energy conservation and emission reduction

- Divide the office into several different lighting areas, and set up independently controllable lighting switches;
- Install dynamic sensor lights in places that are infrequently used and where there is sufficient sunlight;
- Use daylight lighting as much as possible and reduce dependence on electric lights;
- Adopt a water-cooled air-conditioning system with variable speed drives to regulate and control the air-conditioning temperature in the office areas according to the actual demand;
- Regularly clean the filters of the lighting fixtures and air-conditioning system to prevent unnecessary energy wastage.

Water Resources Conservation Management

- Regularly conduct water pipe leakage and faucet drip tests to check whether there is any water leakage;
- Post water saving signs in toilets, reminding employee to turn off the taps;
- Make good use of sensor-activated taps and dual-flush toilets.

Resource Recycling and Waste Reduction

- Encourage employee to reduce the use of disposable or non-recyclable products;
- Reuse office stationery such as envelopes and binders;
- Adopt an electronic office system to replace the paper-based office administration system;
- Keep a stock count of supplies and assess consumption from time to time to avoid overstocking and waste.



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Energy Conservation and Emission Control

Upon review, our current major emissions come from electricity consumption in office premises and fuel emissions from company vehicles. In terms of methodology, we conducted a greenhouse gas inventory for the Group's head office in Jinzhong City, Shanxi Province and its subsidiary project in Taiyuan City in accordance with international prevailing standards, and the GHG Protocol jointly developed by the World Resources Institute and the World Business Council for Sustainable Development, as well as ISO 14064-1 developed by the International Organization for Standardization.

In terms of performance, in the Year, the Group's total greenhouse gas emissions were 1,235.55 tons of carbon dioxide equivalent, and the greenhouse gas emission intensity was 0.13 ton of carbon dioxide equivalent per square meter. Targets for the Year are well completed, with a decrease of approximately 60% as compared to the base year. In terms of electricity consumption, the Group's total electricity consumption for the year was 2,175 MWh, and the electricity consumption intensity was 0.22 MWh per square meter. Targets for the Year are well completed, with a decrease of approximately 57% as compared to the base year.

Water Resources Conservation

During the Year, the sewage source of the office building of the Group's headquarter in Jinzhong City, Shanxi Province and the subsidiary project in Taiyuan City was domestic sewage. In terms of water source guarantee, verification confirms that no compliance or supply risks were identified during the project's access to appropriate water sources, and the water intake and usage procedures comply with relevant laws, regulations and operational standards. The total water consumption was 32,590m³, while the water consumption intensity was 3.31m³ per square metre. Targets for the year are well completed with a decrease of approximately 46% as compared to the base year.

Resource Recycling and Waste Management

During the Year, waste disposal management was implemented at the office building of the Group's headquarter in Jinzhong City, Shanxi Province and the subsidiary project in Taiyuan City. The total amount of non-hazardous waste was 23 metric tonnes and the intensity of non-hazardous waste generated was 2.34 kilograms per square metre. Targets for the year are well completed, with a decrease of approximately 60% as compared to the base year. Our hazardous waste was mainly waste electronic equipment, including 110 pieces of used ink cartridges/used toner cartridges and the intensity of hazardous waste generated was 1.07 pieces per person. We work with electronic companies to collect and recycle used computers and other electronic waste.

Based on systematic analysis and continuous tracking of environmental performance data over the years, we have been able to dynamically monitor the effectiveness of green operations, energy conservation and consumption reduction. Looking ahead, we will continue to focus on core areas including energy, water resources, waste and greenhouse gas emissions, strengthen monitoring, measurement and data governance, optimize green operation measures in a timely manner, and further reduce the potential environmental impacts of operational activities.

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Environmental Aspect	Target	Performance in 2025
Energy use efficiency	In accordance with the Group's energy conservation initiatives, which is being actively pursued, the intensity of electricity consumption will be maintained or progressively reduced in the future compared to 2019 at a similar level of operation.	Decrease from base year
Water use efficiency	In accordance with the Group's water conservation initiatives, which is being actively pursued, the intensity of water consumption will be maintained or progressively reduced in the future compared to 2019 at a similar level of operation.	Decrease from base year
Waste reduction	In accordance with the Group's material conservation initiatives, which is being actively pursued, the intensity of waste generation will be maintained or progressively reduced in the future compared to 2018 at a similar level of operation.	Decrease from base year

CLIMATE CHANGE COUNTERMEASURES AND RESPONSIBILITIES¹

Against the backdrop of intensifying global climate governance, we recognize the urgency of global cooperation on climate governance and actively strengthen the management of climate-related issues, continuously enhancing our ability to identify and respond to risks. The Group also proactively cooperates with the country's vision of striving to reach the peak carbon dioxide emissions by 2030 and carbon neutrality by 2060. In terms of compliance framework, we comply with the climate-related disclosure requirements set out in Part D in Appendix C2 to the Environmental, Social and Governance Reporting Code of the Hong Kong Stock Exchange, and gradually improve information disclosure and management arrangements covering governance, strategy, risk management, as well as indicators and targets. In accordance with the above framework, we have conducted identification and assessment of climate-related risks and opportunities, covering the impacts of extreme weather on operational continuity and supply chains, as well as opportunities brought by energy conservation and consumption reduction, low-carbon transition and the application of green technologies. Through these efforts, we will actively promote green transformation practices and inject sustained impetus into the coordinated achievement of climate change adaptation and sustainable development goals for the Group.

¹ The Group makes disclosures in accordance with the climate-related disclosure requirements set out in Part D of Appendix C2, applying the "comply or explain" approach. For information that is not readily available on a reasonable basis or cannot be measured by reliable methods during the Reporting Period, the Group adopts the "reasonable information relief" to ensure that disclosures can be improved year by year.



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Governance

The Group has established a three-tier governance structure: “Board of Directors-ESG Working Group-Relevant Functional Departments”, integrating climate-related factors into its decision-making and supervision processes.

- **Board of Directors:** As the supreme decision-making body, the Board bears ultimate responsibility for overseeing the Group’s climate-related risks and opportunities; it approves the Group’s climate strategies, objectives and annual work plans, and supervises the formulation and progress of target achievement. During the Reporting Period, the Board reviewed ESG-related matters (including climate) at least once a year and received updates from the ESG Working Group on the identification of and response to climate risks.
- **ESG Working Group:** The ESG Working Group under the Board is responsible for assisting the Board in managing climate-related issues, identifying and monitoring climate-related risks, and reporting regularly to the Board on matters concerning climate change. We provide regular reports to the Board and activate a dedicated reporting procedure in the event of major events.
- **Executive level (relevant departments):** It is responsible for coordinating and implementing specific climate response measures in accordance with the Group’s policies, as well as collecting and reporting relevant performance data.

The Company has always attached importance to enabling the Board and senior management to maintain timely understanding and insights into sustainable development, so as to enhance decision-making capabilities. During the Reporting Period, we arranged climate-related training for directors.

Strategy

We have referred to the Hong Kong Stock Exchange’s Climate Disclosure Guidance, as well as scenario overviews issued by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), and China’s Fourth National Communication on Climate Change. Based on the two pathways of the turquoise scenario and the brown scenario (SSP1–2.6 and SSP5–8.5), as well as the Sustainable Development Scenario (NZE) and the Stated Policies Scenario (STEPS), we have assessed climate-related risks and developed corresponding response measures to mitigate such risks.

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Risk type		Time range ²	Risk description	Countermeasures
Physical risk	Acute	Short term	<p>Increasingly severe extreme weather events such as floods and heat waves, etc.</p> <ul style="list-style-type: none"> • Extreme heat can lead to reduced employee productivity • Damage or destruction to a building that increases the operating cost of repair or replacement 	<ul style="list-style-type: none"> • Implement flexible work arrangements in response to climate change, including: formulating the "Special Weather Safety Management" (《特殊天氣安全管理》) and developing seasonal safety construction measures according to the current climate conditions in Taiyuan
	Chronic	Long term	<p>Climate change may alter community microclimates, affecting local livability</p> <ul style="list-style-type: none"> • Factors such as temperature need to be considered in the design of the project, and the use of more suitable building materials may lead to higher costs 	<ul style="list-style-type: none"> • Conduct pre-location assessments to prevent development in high-risk locations, to prevent extreme hot weather or extreme cold weather, as well as other extreme weather events, from affecting the comfort of our tenants
Transition risk	Policies and regulations	Medium to long term	<p>The introduction of climate-related policies will increase compliance costs</p>	<ul style="list-style-type: none"> • Closely monitor changes in policies, regulations and building standards, and adopt best practices in design to enhance our climate change resilience
	Technology	Medium to long term	<p>Greater demand for climate resilient properties</p>	<ul style="list-style-type: none"> • Incorporate sustainability into major renovations and new developments to support low carbon and, where possible, climate resilient building materials or energy efficient design to help mitigate climate warming
	Reputation	Medium to long term	<p>External stakeholders have increased expectations for enterprise to respond to climate changes and are unable to respond effectively, thus affecting the Group's reputation</p>	<ul style="list-style-type: none"> • Publicly disclose the Group's greenhouse gas emissions data and efforts in low-carbon operations in the ESG report to proactively maintain the corporate image

² Based on the Group's actual business operations, we have defined the time ranges for the impacts of climate-related risks and opportunities: short-term (less than 5 years), medium-term (5-15 years), and long-term (over 15 years).

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We have implemented a number of carbon reduction policies and mitigation plans, including optimising energy use to reduce operational emissions, establishing emergency response plans to enhance operational resilience, and systematically tracking policies and regulations to maintain compliance. Looking ahead, we will continue to advance carbon reduction actions and are actively exploring the feasibility of formulating and implementing a systematic climate transition plan to pursue a low-carbon development path in a more strategic manner. For more information on our environmental initiatives, please refer to the section headed “Green Operation and Environmental Responsibility” in this chapter.

Opportunity type	Time range	Financial impact	Countermeasures
Resource efficiency improvement	Medium to long term	<ul style="list-style-type: none"> Improve energy efficiency and reduce operating costs 	<ul style="list-style-type: none"> Reduce the daily use of energy sources such as water and electricity to improve resource efficiency
Products and services	Medium to long term	<ul style="list-style-type: none"> Engagement in the green building business can improve the reputation of the Company and gain more preferences of investors and customers 	<ul style="list-style-type: none"> Promote the application of energy efficient design and construction technology in project development

In the preliminary assessment during the Reporting Period, no significant risks were identified that would require material adjustments to the carrying values of assets or liabilities in the next reporting year. As key assumptions and parameters still require validation, qualitative disclosure is mainly adopted for the Year. In the future, we will gradually enhance the scope and quality of quantitative disclosure based on accumulated professional expertise and resource allocation, so as to avoid material impacts.

Risk Management

We attach great importance to the potential impacts of climate-related risks and opportunities, and have established identification, assessment and monitoring processes. Each year, we review the applicability of key climate issues through a combination of internal seminars and expert consultation, continuously improve the management system, and effectively mitigate the potential impacts of climate change on the business. In the future, we will further integrate climate assessment into the overall risk framework, and continuously improve corresponding measures through regular reviews and dynamic adjustments.

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Metrics and Targets

We have consistently disclosed Scope 1 and Scope 2 greenhouse gas emissions in our ESG reports for the previous years. We have now also initiated preliminary data collection with relevant departments to identify material Scope 3 categories for the Group's business for future disclosure. We continuously monitor and publicly disclose greenhouse gas emissions and intensity, and optimize climate change management practices through performance evaluation. Under similar business operation conditions, the Group actively implements and reviews base-year targets based on energy conservation measures, with a view to maintaining or gradually reducing greenhouse gas emission intensity.

Greenhouse gas emissions ^{3,4}	Unit	2025
Scope 1	tonnes CO ₂ e	81.50
Scope 2	tonnes CO ₂ e	1,154.06
Total GHG emissions (Scope 1 & 2)	tonnes CO ₂ e	1,235.55
Greenhouse gas emission intensity per unit of operating revenue	tonnes CO ₂ e/ RMB1 million of operating revenue	8.08

Climate-related Targets

To proactively address the challenges of climate change and advance the Group's sustainable development, we have set energy conservation and emission reduction targets, and systematically planned and implemented carbon reduction initiatives, striving to minimise the environmental impact of our operations and steadily promote low-carbon transition.

Environmental Aspect	Target	Performance in 2025
Greenhouse gas emissions	According to the Group's energy conservation initiatives, which is actively pursued, the intensity of greenhouse gas emissions will be maintained or progressively reduced in the future compared to 2020 at a similar level of operation.	Decrease from base year

3 Greenhouse gas emissions are calculated with reference to the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), as well as the Sixth Assessment Report released by the Intergovernmental Panel on Climate Change (IPCC); for Scope 2 calculations, grid emission factors are based on the national average grid factor published in the Announcement on Issuing the 2022 Power Carbon Dioxide Emission Factors by the Ministry of Ecology and Environment, grid emission factors of respective operating countries, and national grid greenhouse gas emission factors from the Carbon Footprint database.

4 We use the operational control approach to define the accounting boundary for greenhouse gas emissions, and adopt a geography-based method for calculation.



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Meanwhile, in accordance with the “comply or explain” mechanism under the new climate-related requirements of the Hong Kong Stock Exchange, the Group will endeavour to disclose climate-related indicators and targets (including cross-industry indicators applicable to all sectors, internal carbon pricing, remuneration, industry indicators, and other climate-related targets and their progress) based on available data and applicable methodologies.

SOCIAL RESPONSIBILITY AND COMMUNITY CO-CONSTRUCTION

The Group has always adhered to the development philosophy of “Honesty and Kindness, Social Commitment, Gratitude and Giving”, proactively responds to community needs and continuously supports public welfare projects and community services that align with the Group’s mission and values. During the Year, the Group organized distribution of Spring Festival couplets and “Fu” characters to residents in certain residential communities, to build a harmonious and warm neighborhood environment through practical actions. Looking ahead, we will continue to expand our public welfare landscape and cooperation network, enhance the professionalism and sustainability of projects, and leverage the advantages of industrial synergy and resource linkage, to consistently make contributions to the sustainable social and economic development. During the Reporting Period, the Group invested approximately RMB55,000 in community development.

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APPENDIX I: SUSTAINABILITY DATA STATEMENTS

Environmental ⁵	Unit	2025
Emissions⁶		
Nitrogen oxides	kg	281.70
Sulphur oxides	kg	0.39
Particulate matter	kg	26.71
GHG Emissions³		
Direct GHG emissions (Scope 1)	tonnes CO ₂ e	81.50
Indirect GHG emissions (Scope 2)	tonnes CO ₂ e	1,154.06
Total GHG emissions (Scope 1 & 2)	tonnes CO ₂ e	1,235.55
GHG emissions intensity	tonnes CO ₂ e/m ²	0.13
Energy Consumption		
Purchased electricity consumption	MWh	2,175.00
Purchased electricity consumption intensity (per square metre)	MWh/m ²	0.22
Natural gas consumption	m ³	5,310.00
Diesel oil consumption	litre	1,563.00
Gasoline consumption	litre	24,607.00
Water Consumption		
Total water consumption	m ³	32,590.00
Water consumption intensity (per square metre)	m ³ /m ²	3.31
Paper Consumption		
Total paper consumption	kg	1,255.63
Paper consumption intensity (per employee)	kg/person	12.19

⁵ Environmental KPIs include: the Group's head office building in Jinzhong City, Shanxi Province and the subsidiary project in Taiyuan

⁶ Data are estimated based on nominal vehicle fuel usage and are calculated using the emission factors in Appendix II – Reporting Code on Environmental KPIs of the Stock Exchange

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Environmental ⁵	Unit	2025
Waste Produced		
Total amount of non-hazardous waste produced	tonne	23.00
Non-hazardous waste produced intensity (per square metre)	kg/m ²	2.34
Hazardous waste produced (ink cartridges, toner cartridges)	piece	110
Hazardous waste generation intensity (per employee)	piece/person	1.07

Social Aspect	Unit	2025
Total number of employees	person	212
Total number of employees (by gender)		
Female employees	person	81
Male employees	person	131
Total number of employees (by employee type⁷)		
Full time junior employees	person	172
Full time middle management	person	27
Full time senior management	person	13
Total number of employees (by age group)		
Employee of age under 30	person	11
Employee of age 30–50	person	158
Employee of age over 50	person	43
Total number of employees (by geographic region⁸)		
Northern China	person	152
Eastern China	person	6
Southern China	person	54

⁷ The Group did not employ any part-time worker during the Reporting Period.

⁸ Based on the actual region of work

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Social Aspect	Unit	2025
Turnover rate⁹		
Overall turnover rate	%	-9.28 ¹⁰
Employee turnover rate⁹ (by gender)		
Female employees	%	-5.19 ¹⁰
Male employees	%	-11.97 ¹⁰
Employee turnover rate⁹ (by age group)		
Employee of age under 30	%	-34.18 ¹⁰
Employee of age 30-50	%	-8.44 ¹⁰
Employee of age over 50	%	-7.34 ¹⁰
Employee turnover rate⁹ (by geographical region⁸)		
Northern China	%	-20.63 ¹⁰
Southern China	%	12.90
Percentage of employees trained¹¹ (by gender)		
Female employees	%	40.52
Male employees	%	59.48
Percentage of employees trained¹¹ (by employee type⁷)		
Full time junior employees	%	76.47
Full time middle management	%	15.69
Full time senior management	%	7.84
Average training hours (by gender)		
Female employees	hour	5.57
Male employees	hour	5.66

⁹ Calculation: (number of employees at the end of 2025 - number of employees at the end of 2024) ÷ number of employees at the end of 2024

¹⁰ As the number of employees of the Group in 2025 increased as compared with 2024, the employee turnover rate was negative

¹¹ Calculation: number of employees trained in this category ÷ total number of employees trained × 100%

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Social Aspect	Unit	2025
Average training hours (by employee type⁷)		
Full time junior employees	hour	4.92
Full time middle management	hour	9.49
Full time senior management	hour	4.75
Occupational health and safety		
Number of work-related fatality per year in past three years (including the reporting year)	person	0
Percentage of work-related fatality per year in past three years (including the reporting year)	%	0
Number of lost working days due to work-related injury	day	0
Labour standard		
Number of child labour discovered	count	0
Number of forced labour discovered	count	0
Anti-corruption		
Number of concluded corruption cases brought against the Group or its employees	count	0

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APPENDIX II: HONG KONG STOCK EXCHANGE ESG REPORTING CODE INDEX

Indicator		Related section
A. Environment		
A1: Emissions	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.
	A1.1	The types of emissions and respective emissions data.
		Green Operation and Environmental Responsibility
		Green Operation and Environmental Responsibility–Green Practice
		Appendix I: Sustainability Data Statements
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).
		Green Operation and Environmental Responsibility–Green Practice
		Appendix I: Sustainability Data Statements
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).
		Green Operation and Environmental Responsibility–Green Practice
		Appendix I: Sustainability Data Statements
	A1.5	Description of emissions target(s) set and steps taken to achieve them.
		Green Operation and Environmental Responsibility–Green Practice

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Indicator			Related section
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Operation and Environmental Responsibility–Green Practice
A2: Use of Resources	General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operation and Environmental Responsibility–Green Practice
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green Operation and Environmental Responsibility–Green Practice Appendix I: Sustainability Data Statements
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Operation and Environmental Responsibility–Green Practice Appendix I: Sustainability Data Statements
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Operation and Environmental Responsibility–Green Practice
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green Operation and Environmental Responsibility–Green Practice
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A, the Group's business does not include packaging materials.

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Indicator		Related section	
A3: The Environment and Natural Resources	General disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Green Operation and Environmental Responsibility
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Operation and Environmental Responsibility
B. Social			
B1: Employment	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employee Care and Career Development–Employees' Rights and Fair Practices
	B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Appendix I: Sustainability Data Statements
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Sustainability Data Statements
B2: Health and Safety	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employee Care and Career Development–Employee Health and Safety Protection

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Indicator			Related section
	B2.1	Number and rate of workrelated fatalities occurred in each of the past three years including the reporting year.	Appendix I: Sustainability Data Statements
	B2.2	Lost days due to work injury.	Appendix I: Sustainability Data Statements
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Corporate Compliance and Standardised Operations– Production Safety and Risk Prevention and Control Employee Care and Career Development–Employee Health and Safety Protection
B3: Development and Training	General disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	Employee Care and Career Development–Employee Progress and Career Support
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I: Sustainability Data Statements
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: Sustainability Data Statements
B4: Labour Standards	B4	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employee Care and Career Development–Employees’ Rights and Fair Practices

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Indicator			Related section
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employee Care and Career Development–Employees’ Rights and Fair Practices	
B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Care and Career Development–Employees’ Rights and Fair Practices	
B5: Supply Chain Management	General disclosure	Policies on managing environmental and social risks of the supply chain.	Corporate Compliance and Standardised Operations–Supply Chain Compliance
B5.1	Number of suppliers by geographical region.	Corporate Compliance and Standardised Operations–Supply Chain Compliance	
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Corporate Compliance and Standardised Operations–Supply Chain Compliance	
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Corporate Compliance and Standardised Operations–Supply Chain Compliance	
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Corporate Compliance and Standardised Operations–Supply Chain Compliance	

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Indicator		Related section	
B6:	General Product Responsibility disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Corporate Compliance and Standardised Operations– Quality Management and Service Assurance Corporate Compliance and Standardised Operations– Production Safety and Operation Management Corporate Compliance and Standardised Operations– Consolidating Information Security
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Corporate Compliance and Standardised Operations– Quality Management and Service Assurance
	B6.2	Number of products and service related complaints received and how they are dealt with.	Corporate Compliance and Standardised Operations– Quality Management and Service Assurance
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Corporate Compliance and Standardised Operations– Consolidating Information Security
	B6.4	Description of quality assurance process and recall procedures.	Corporate Compliance and Standardised Operations– Quality Management and Service Assurance
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Corporate Compliance and Standardised Operations– Consolidating Information Security

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Indicator		Related section	
B7: Anti-corruption	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Corporate Compliance and Standardised Operations– Integrity Governance and Responsibility Fulfillment
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Corporate Compliance and Standardised Operations– Integrity Governance and Responsibility Fulfillment Appendix I: Sustainability Data Statements
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Corporate Compliance and Standardised Operations– Integrity Governance and Responsibility Fulfillment
	B7.3	Description of anti-corruption training provided to directors and staff.	Corporate Compliance and Standardised Operations– Integrity Governance and Responsibility Fulfillment
B8: Community Investment	General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social Responsibility and Community Co-construction
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Responsibility and Community Co-construction
	B8.2	Resources contributed to the focus area.	Social Responsibility and Community Co-construction

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Part D: Climate-related Disclosures

(I) Governance	<p>19. An issuer shall disclose information about:</p> <p>(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.</p> <p>(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.</p>	Green Operation and Environmental Responsibility - Climate Change Countermeasures and Responsibilities
(II) Strategy	<p>20. Climate-related risks and opportunities</p> <p>An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term.</p> <p>21. Business model and value chain</p> <p>An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain.</p>	<p>Green Operation and Environmental Responsibility - Climate Change Countermeasures and Responsibilities</p> <p>We apply the reasonable information relief, as we are unable to obtain all reasonable and substantiated information on the reporting date that would be available without undue cost or effort, in order to define the scope of value chain.</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures

22. Strategy and decision-making

An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:

- (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation.

Green Operation
and Environmental
Responsibility-
Climate Change
Countermeasures and
Responsibilities

23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).

Green Operation
and Environmental
Responsibility-
Climate Change
Countermeasures and
Responsibilities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures

24. Financial position, financial performance and cash flows

Current financial effect

An issuer shall disclose qualitative and quantitative information about:

- (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and
- (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.
Green Operation and Environmental Responsibility-Climate Change Countermeasures and Responsibilities

Financial impact relief – We will further assess the financial impact of climate-related risks and opportunities in the future.

25. Anticipated financial effect

The issuer shall provide qualitative and quantitative disclosures about:

- (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration.
- (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.

Reasonable information relief – We currently do not disclose any climate scenario analysis, but will explore its feasibility in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures

26. Climate resilience

An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range.

Green Operation and Environmental Responsibility - Climate Change Countermeasures and Responsibilities

(III) Risk Management

27. An issuer shall disclose information about:

- (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks.
- (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and
- (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.

Green Operation and Environmental Responsibility - Climate Change Countermeasures and Responsibilities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures

(IV) Metrics and Targets

28. Greenhouse gas emissions

An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent, classified as:

- (a) Scope 1 greenhouse gas emissions;
- (b) Scope 2 greenhouse gas emissions; and
- (c) Scope 3 greenhouse gas emissions.

Green Operation and Environmental Responsibility-Climate Change Countermeasures and Responsibilities

Scope 3 emissions: reasonable information relief — in the future, we will continue to collect more comprehensive data to gradually expand and improve disclosure coverage across subcategories of significant influence under Scope 3 relevant to the Group's business.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures

29. An issuer shall:

- (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;
- (b) disclose the approach it uses to measure its greenhouse gas emissions.
- (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and
- (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

Green Operation and Environmental Responsibility- Climate Change Countermeasures and Responsibilities

Scope 3 emissions: reasonable information relief – in the future, we will continue to collect more comprehensive data to gradually expand and improve disclosure coverage across subcategories of significant influence under Scope 3 relevant to the Group's business.

30. Climate-related transition risks

An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.

Reasonable information relief – We will enhance the methodologies and processes for assessing the financial impacts of climate-related risks and opportunities in future reports.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures

31. Climate-related physical risks

An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.

Reasonable information relief – We will enhance the methodologies and processes for assessing the financial impacts of climate-related risks and opportunities in future reports.

32. Climate-related opportunities

An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.

Reasonable information relief – We will enhance the methodologies and processes for assessing the financial impacts of climate-related risks and opportunities in future reports.

33. Capital deployment

An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.

The Group has identified climate-related risks and will further identify relevant data to improve disclosure.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures

34. Internal carbon prices

An issuer shall disclose:

- (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and
- (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.

Disclaimer — The Group currently does not apply internal carbon prices in its decision-making, but will explore the feasibility of its implementation in the future.

35. Remuneration

An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).

Disclaimer — We currently have not yet incorporated climate-related factors into the remuneration of senior management, and will explore the possibility of adoption in the future.

36. Industry-based metrics

An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry.

We currently do not disclose any industry-based metrics, but will explore the feasibility of doing so in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part D: Climate-related Disclosures

- 37. Climate-related targets**
- An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets.
- Green Operation and Environmental Responsibility-Climate Change Countermeasures and Responsibilities
- 38.** An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target.
- Green Operation and Environmental Responsibility-Climate Change Countermeasures and Responsibilities
- 39.** An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.
- Green Operation and Environmental Responsibility-Climate Change Countermeasures and Responsibilities
- 40.** For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39.
- Green Operation and Environmental Responsibility-Climate Change Countermeasures and Responsibilities
- 41. Applicability of cross-industry metrics and industry-based metrics**
- In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).
- We currently do not disclose any cross-industry metrics and industry-based metrics, but will explore the feasibility of doing so in the future.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CHEN XING DEVELOPMENT HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Chen Xing Development Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 346 to 438, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, 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 (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s “Code of Ethics for Professional Accountants” (the “**Code**”), 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 to the consolidated financial statements, which indicates that the Group incurred a loss of approximately RMB271,629,000 for the year ended 31 December 2025 and as of that date, the Group had net current liabilities of RMB1,254,292,000. As stated in Note 2.1, these conditions, along with the other matters as set forth in Note 2.1 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.

INDEPENDENT AUDITOR'S REPORT

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 matters described below to be the key audit matters to be communicated in our report.

Assessment of the net realisable value ("NRV") of properties under development ("PUD") and completed properties held for sale ("PHS")

As at 31 December 2025, the Group's PUD and PHS amounted to RMB4,432,887,000 and RMB1,501,595,000, respectively, which represented in aggregate 69% of the total assets of the Group. The assessment of whether the carrying amounts of the properties were higher than their net realisable values, and consequently, whether a write-down of carrying amounts was required, was made by management through the application of judgement and the use of subjective assumptions such as the expected selling prices, the costs of completion of properties under development and the costs to be incurred in selling the properties based on prevailing market conditions.

The Group's disclosures about the PUD and PHS are included in notes 2.4, 3, 7, 15 and 21 to the consolidated financial statements, which also explain the accounting policies and management's accounting estimates.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Assessment of the net realisable value (“NRV”) of properties under development (“PUD”) and completed properties held for sale (“PHS”) *(continued)*

Our response:

- Evaluating the basis for the provision assessment by understanding the assumptions used to determine the NRV of PUD and PHS;
- Evaluating the assumptions used by checking, on a sample basis, the selling prices of properties to latest sale transactions and the forecasted selling prices and reviewing the pre-sale status of other projects in the same location to evaluate the saleability;
- Assessing the costs to complete or sell the properties by reviewing budgets contractor agreements signed and comparing with historical expenses rate for other similar projects; and
- Performing gross profit margin analysis for projects.

Valuation of investment properties

As at 31 December 2025, the Group's investment properties amounted to RMB90,000,000 and were measured at fair value. It is the Group's policy to have investment property valuations performed by an independent professional valuer at least once a year, to assist management in the fair valuation process. The valuations of the investment properties were highly dependent on estimates such as current and future market rents and yields, which were subject to uncertainty and might materially differ from the actual results.

The Group's disclosures about the valuation of investment properties are included in notes 2.4, 3 and 14 to the consolidated financial statements, which also explain the accounting policies and management's accounting estimates.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Valuation of investment properties *(continued)*

Our response:

- Evaluating the objectivity of the valuation process and expertise of the independent professional valuer;
- Involving our internal valuation specialists to assist in evaluating the methods applied, the underlying assumptions and parameters adopted in the valuation of investment properties performed by management and the independent professional valuer;
- Assessing the property-related data used as inputs for the valuations by checking to existing rental agreements, the rates of rent quoted for similar properties and the occupancy rates of the properties; and
- Reviewing the related disclosures in the consolidated financial statements.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

INDEPENDENT AUDITOR'S REPORT

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

BDO Limited

Certified Public Accountants

Chau Ka Kin

Practising Certificate Number P07445

Hong Kong, 27 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	5	152,898	1,198,596
Cost of sales		(216,162)	(1,080,523)
Gross (loss)/profit		(63,264)	118,073
Other income and gains	5	42,694	43,848
Selling and distribution expenses		(23,014)	(19,361)
Administrative expenses		(44,979)	(48,924)
(Provision on)/reversal of provision on expected credit loss on financial assets, net	7	(685)	1,356
Other expenses		(66,197)	(66,887)
Finance costs	6	(142,550)	(160,954)
Share of profits of joint ventures		726	4,169
Loss before tax	7	(297,269)	(128,680)
Income tax credit/(expense)	10	25,640	(1,741)
Loss for the year		(271,629)	(130,421)
Attributable to:			
Owners of the parent	12	(271,250)	(162,190)
Non-controlling interests		(379)	31,769
		(271,629)	(130,421)
Losses per share attributable to ordinary equity holders of the parent			
Basic and diluted	12	RMB(0.45)	RMB(0.27)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
Loss for the year	(271,629)	(130,421)
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation to presentation currency	(1,069)	981
Items that will not be reclassified to profit or loss:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(1,747)	(1,664)
Income tax effect	437	416
	(1,310)	(1,248)
Other comprehensive income for the year, net of tax	(2,379)	(267)
Total comprehensive income for the year	(274,008)	(130,688)
Attributable to:		
Owners of the parent	(273,629)	(162,457)
Non-controlling interests	(379)	31,769
	(274,008)	(130,688)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	45,251	48,169
Investment properties	14	90,000	96,000
Right-of-use assets	16(a)	1,007	1,052
Properties under development	15	243,870	266,275
Intangible assets	17	—	2
Investments in joint ventures	18	9,262	8,536
Equity investment designated at fair value through other comprehensive income	19	58,925	60,672
Deferred tax assets	29	277,424	256,573
Land development cost recoverable	23(b)	1,632,693	1,197,788
Total non-current assets		2,358,432	1,935,067
CURRENT ASSETS			
Properties under development	15	4,189,017	4,655,403
Completed properties held for sale	21	1,501,595	1,045,640
Inventories	20	25,702	29,956
Trade receivables	22	2,345	2,184
Prepayments, other receivables and other assets	23(a)	387,692	372,544
Land development cost recoverable	23(b)	—	613,681
Tax recoverable		65,800	67,049
Pledged deposits	24	2,705	10,272
Restricted cash	24	4,497	5,656
Cash and cash equivalents	24	104,959	107,654
Total current assets		6,284,312	6,910,039

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CURRENT LIABILITIES			
Trade and bills payables	25	884,872	863,299
Other payables and accruals	26	1,200,420	996,729
Contract liabilities	27	2,788,418	2,809,156
Interest-bearing bank and other borrowings	28	2,575,796	2,700,496
Tax payable	10	89,098	106,878
Total current liabilities		7,538,604	7,476,558
NET CURRENT LIABILITIES		(1,254,292)	(566,519)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,104,140	1,368,548
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	28	41,900	30,000
Deferred tax liabilities	29	45,530	47,030
Other payables	26	63,400	63,500
Total non-current liabilities		150,830	140,530
Net assets		953,310	1,228,018
EQUITY			
Equity attributable to owners of the parent			
Share capital	30	4,855	4,855
Reserves	31	787,605	1,065,207
Non-controlling interests		792,460	1,070,062
		160,850	157,956
Total equity		953,310	1,228,018

Bai Xuankui
Director

Bai Wukui
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the parent										Total equity RMB'000										
	Share capital RMB'000 (note 30)	Share premium account RMB'000 (note 30)	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Asset revaluation reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000											
At 1 January 2024	4,855	344,141	102,552	178,757	23,331	(69,975)	17,435	789,032	1,390,128	240,077	1,630,205										
(Loss)/profit for the year	–	–	–	–	–	–	–	(162,190)	(162,190)	31,769	(130,421)										
Other comprehensive income for the year:																					
Exchange differences on translation to presentation currency	–	–	–	–	–	–	981	–	981	–	981										
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	(1,248)	–	–	(1,248)	–	(1,248)										
Total comprehensive income for the year	–	–	–	–	–	(1,248)	981	(162,190)	(162,457)	31,769	(130,688)										
Change in interests in subsidiaries without change in control	–	–	–	–	–	–	–	(157,609)	(157,609)	(53,703)	(211,312)										
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(60,187)	(60,187)										
Appropriation to statutory surplus reserve	–	–	–	9,899	–	–	–	(9,899)	–	–	–										
At 31 December 2024	4,855	344,141*	102,552*	188,656*	23,331*	(71,223)*	18,416*	459,334*	1,070,062	157,956	1,228,018										

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the parent										Total equity RMB'000
	Share capital RMB'000 (note 30)	Share premium account RMB'000 (note 30)	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Asset revaluation reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2025	4,855	344,141	102,552	188,656	23,331	(71,223)	18,416	459,334	1,070,062	157,956	1,228,018
Loss for the year	—	—	—	—	—	—	—	(271,250)	(271,250)	(379)	(271,629)
Other comprehensive income for the year:											
Exchange differences on translation to presentation currency	—	—	—	—	—	—	(1,069)	—	(1,069)	—	(1,069)
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	—	—	(1,310)	—	—	(1,310)	—	(1,310)
Total comprehensive income for the year	—	—	—	—	—	(1,310)	(1,069)	(271,250)	(273,629)	(379)	(274,008)
Change in interests in subsidiaries without change in control	—	—	—	—	—	—	—	(3,973)	(3,973)	3,273	(700)
At 31 December 2025	4,855	344,141*	102,552*	188,656*	23,331*	(72,533)*	17,347*	184,111*	792,460	160,850	953,310

* These reserve accounts comprise the consolidated reserves of RMB787,605,000 as at 31 December 2025 (2024: RMB1,065,207,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(297,269)	(128,680)
Adjustments for:			
Depreciation of property, plant and equipment	13	5,068	5,527
Amortisation of intangible assets	17	2	3
Depreciation of right-of-use assets	16(b)	45	45
Interest on bank and other borrowings	6	126,926	145,515
Interest on loans from related parties	6	22,212	27,197
Interest on loans from directors	6	8,624	8,780
Dividend from equity investments designated at fair value through other comprehensive income		—	(5,000)
Accretion on contract liabilities	6	39,826	100,328
Changes in fair value of investment properties	14	6,000	7,000
Share of profits of joint ventures		(726)	(4,169)
Gain on disposal of subsidiaries	34	—	(33,835)
Write-down of properties under development	7	46,709	22,602
Write-down of completed properties held for sale	7	70,506	39,582
Impairment of trade receivables	7	(392)	(44)
Impairment of/(reversal of impairment of) other receivables and land development cost recoverable	7	1,077	(1,312)
Loss on revising estimated timing of receipt of land development cost recoverable	7	30,082	56,407
Interest income	5	(61)	(914)
Deemed interest income from land development cost recoverable	5	(38,852)	—
		19,777	239,032
Decrease in properties under development		387,044	127,218
Increase in completed properties held for sale		(526,461)	(170,052)
Decrease/(increase) in inventories		4,254	(1,892)
Increase in trade receivables		231	24
Decrease in prepayments, other receivables and other assets (including land development cost recoverable)		171,534	931,312
Decrease/(increase) in pledged deposits		7,567	(123)
Decrease in restricted cash		1,159	37,263
Increase/(decrease) in trade and bills payables		21,573	(172,149)
Decrease in contract liabilities		(60,564)	(960,033)
Increase in other payables and accruals		129,711	30,015
Cash generated from operations		155,825	60,615
Income tax (paid)/refunded		(13,242)	400

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Net cash flows generated from operating activities		142,583	61,015
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	13	(2,171)	(595)
Proceeds from disposal of items of property, plant and equipment		21	1,302
Proceeds for acquisition of equity interests from non-controlling interest		(700)	—
Net proceeds from disposal of subsidiaries	34	—	17,773
Dividends income from joint ventures	18	—	1,317
Dividends income from equity investment designed at fair value through other comprehensive income	5	—	5,000
(Advance to)/repayment from related parties		(213)	29,909
Interest received	5	61	914
Net cash flows (used in)/generated from investing activities		(3,002)	55,620
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings	35(a)	89,600	216,100
Repayment of bank and other borrowings		(202,400)	(343,386)
Repayment to directors		(102)	(98)
Advance from/(repayment) to related parties		10,948	(26,566)
Interest paid		(39,690)	(59,701)
Net cash used in financing activities		(141,644)	(213,651)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		107,654	203,689
Effect of foreign exchange rate changes, net		(632)	981
CASH AND CASH EQUIVALENTS AT END OF YEAR	24	104,959	107,654

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 3 November 2014. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located in 18 Anning Street, Yuci District, Jinzhong City, Shanxi Province, the People's Republic of China (the "PRC").

During the year, the Group was principally engaged in property development.

In the opinion of the directors, the ultimate controlling shareholders of the Group are Mr. Bai Xuankui and Mr. Bai Guohua.

Information about subsidiaries

Particulars of the Company's principal subsidiaries, which materially contribute to the net income of the Group or hold a material portion of the assets or liabilities of the Group as at 31 December 2025 are as follows:

Name	Place of incorporation/registrations and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Chen Xing Investments Limited	British Virgin Islands	US\$10,000	100%	—	Investment holding
Chen Xing International Holdings Limited	Hong Kong	HK\$100	—	100%	Investment holding
Jinzhong Chen Xing Hui Technology and Trade Company Limited*	PRC	RMB105,000,000	—	100%	Sale of construction materials
Chenxing Real Estate Development Co., Ltd ("Chen Xing")**	PRC	RMB204,000,000	—	100%	Development and sale of properties
Sichuan Chenxing Real Estate Development Co., Limited ("Sichuan Chenxing")**	PRC	RMB119,200,000	—	100%	Development and sale of properties
Wuzhishan Chenxing Real Estate Development Co., Limited**	PRC	RMB90,280,000	—	100%	Development and sale of properties

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2025 are as follows:
(continued)

Name	Place of incorporation/registrations and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hainan DeGao Investment Co., Ltd. (" Hainan Degao ")**	PRC	RMB10,000,000	—	100%	Development and sale of properties
Hainan Youshenghongtao Real Estate Development Co Ltd.**	PRC	RMB10,000,000	—	100%	Development and sale of properties
Shanxi Chenxing Zhida Trading Co., Ltd.**	PRC	RMB10,000,000	—	100%	Sale of construction materials
Shanxi Chenxing Zhicheng Construction Engineering Co., Ltd.**	PRC	RMB50,000,000	—	100%	Property construction
Jinzhong Chenxing Yijun Real Estate Development Co., Ltd.**	PRC	RMB100,000,000	—	100%	Development and sale of properties
Jinzhong Chenxing Shiguang Zhicheng Real Estate Development Co., Ltd.**	PRC	RMB50,000,000	—	100%	Development and sale of properties
Taiyuan Chenya Real Estate Development Co., Ltd.**	PRC	RMB100,000,000	—	100%	Development and sale of properties

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2025 are as follows:
(continued)

Name	Place of incorporation/registrations and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanxi Chang Xing Zhicheng Construction Engineering Co., Ltd.**	PRC	RMB50,000,000	—	80%	Property construction
Xishuanghanna Jingyuan Investment Development Co., Ltd. ("Jingyan")**	PRC	RMB290,314,000	—	100%	Development and sale of properties
Beijing Chenxing Real Estate Broker Co., Ltd. ("Real Estate Broker")**	PRC	RMB100,000	—	100%	Real estate brokerage and exhibition
Mianyang Chenxing Yazhi Real Estate Development Co., Ltd. ("Mianyang Chenxing")**	PRC	RMB50,000,000	—	60%	Development and sale of properties

* The entity is registered as a wholly-foreign-owned enterprise under PRC law.

** These entities are limited liability enterprises established under PRC law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.1 BASIS OF PREPARATION

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

Going concern basis

The Group incurred a loss of approximately RMB271,629,000 for the year ended 31 December 2025 and as at 31 December 2025, the Group had net current liabilities of approximately RMB1,254,292,000. In addition, the Group had not repaid certain bank loans according to the scheduled repayment dates, with outstanding principal, interest payable and penalty payable amounting to approximately RMB11,000,000, RMB27,346,000 and RMB1,000 respectively. Consequently, the entire principal of approximately RMB312,516,000, together with the related interest payable and penalty payable outstanding of approximately RMB27,346,000 and RMB1,000 respectively included in interest-bearing bank and other borrowings (note 28), were classified as current liabilities as at 31 December 2025.

The non-settlement of the above borrowings resulted in a cross-default of certain other borrowings that triggered the repayable on demand clause of those borrowings. Accordingly, the related principal of approximately RMB2,263,280,000 became immediately payable and was classified as current liabilities as at 31 December 2025. These events or conditions may cast significant doubt on the Group’s ability to continue as a going concern.

In view of these circumstances, the Directors have given careful consideration to the Group’s future liquidity and performance and its available sources of financing in assessing the Group’s ability to continue as a going concern. The Directors have prepared a working capital forecast covering a period of 18 months from the end of the reporting period (“**Forecast Period**”), and taking into accounting the following major assumptions and events:

- i. the lenders in respect of the borrowings that have the right to demand immediate repayment will not exercise their rights to request immediate repayment of the relevant loans or repayment prior to their scheduled contractual repayment dates;
- ii. the Group will be able to renew the existing borrowings that fall due during the Forecast Period;

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.1 BASIS OF PREPARATION *(continued)*

Going concern basis *(continued)*

- iii. the market conditions in which the Group operates and/or invests would not deteriorate materially from current levels; and
- iv. the Group will be able to obtain additional borrowings to finance the development of certain development projects.

As a result of the borrowings that might be subject to immediate repayment, the Group's future operating cash inflow may not be sufficient to meet the repayment schedule of borrowings and related interest payments stipulated in the loan agreements.

The Board has continuously devoted effort to resolve the liquidity issue mentioned above. In view of these circumstances and to address the issue on working capital sufficiency, the Company has taken and propose to take the following measures:

- i. the Group verbally agreed with its lenders not to enforce their rights of requesting for immediate repayment and to renew or extend the borrowings prior to their respective maturity dates. During the year ended 31 December 2025 and up to the date of approval of these consolidated financial statements, the Directors had not received any notices or requests from lenders for early repayment of the borrowings. The Director expected that the Group would be able to renew bank and other borrowings with an aggregate outstanding principal of approximately RMB121,660,000 that are repayable within one year for another year prior to their respective maturity dates;
- ii. the Group is in active negotiations with the lenders in respect of the borrowings that have the rights to demand for immediate repayment for a debt restructuring so as to settle the borrowings by using the proceeds from new borrowing plans;
- iii. the directors of the Group have prepared a business strategy plan that mainly focuses on accelerating the pre-sales and sales of its properties under development and completed projects to generate additional operating cash inflows and strengthening efforts in the collection of trade debtors to improve the debtor's turnover days, and implementing cost control measures; and
- iv. the Company will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

Assuming the successful implementation of the above measures, the Directors are of the opinion that the Group would have sufficient working capital to finance its operation and meet its obligations as and when they fall due within the next twelve months from 31 December 2025. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2025 on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.1 BASIS OF PREPARATION *(continued)*

Going concern basis *(continued)*

Notwithstanding the above, the validity of the going concern assumption depends on the successful outcome of the Group's plans and measures, including (i) the successful negotiation with the lenders on the extension or deferral of the repayment of the Group's borrowings, renewal of existing borrowings upon maturity and the new borrowing plans and (ii) the successful implementation of measures described above in the normal course of businesses. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.2 ADOPTION OF NEW OR REVISED HKFRSs EFFECTIVE 1 JANUARY 2025

In the current year, the Group has applied for the first time the following new or revised standards, amendments and interpretations (the “**new or revised HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2025:

Amendments to HKAS 21	Lack of exchangeability
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None of these new or amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that has been issued but are not yet effective, in these consolidated financial statements.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-Dependent Electricity ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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

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

³ Effective for annual periods beginning on or after a date to be determined by the HKICPA.

The Group is in the process of making an assessment of the impact of these new or revised HKFRSs upon initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING INFORMATION

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Fair value measurement

The Group measures its investment properties and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING INFORMATION *(continued)*

Fair value measurement *(continued)*

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- | | | |
|---------|---|---|
| Level 1 | — | based on quoted prices (unadjusted) in active markets for identical assets or liabilities |
| Level 2 | — | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly |
| Level 3 | — | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. Impairment charges are included in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows i.e. cash generating units ('CGUs').

Except to the extent, they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING INFORMATION *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	1.9%–19.00%
Motor vehicles	9.50%–19.40%
Machinery	9.50%–19.40%
Office equipment	9.50%–32.33%
Leasehold improvements	20.00%–33.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Investment properties

Investment properties are interests in buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING INFORMATION *(continued)*

Investment properties *(continued)*

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with HKAS 16 Property, Plant and Equipment. For a transfer from completed properties held for sale to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

The Group determines whether completed properties held for sale would be transferred to investment properties when, and only when, there is a change in use, evidenced by the following criteria: (a) the Group has prepared a business plan that reflects the future rental income generated by the property and this is supported with evidence that there is demand for rental space; (b) the Group can demonstrate that it has the resources, including the necessary financing or capital, to hold and manage an investment property; (c) the change in use is legally permissible; (d) if the property must be further developed for the change in use, and the development has commenced; and (e) change in use is approved by a board resolution.

Properties under development

Properties under development are intended to be held for sale after completion. On completion, the properties are transferred to completed properties held for sale. Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless they are not realised in the normal operating cycle.

Completed properties held for sale

Completed properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING INFORMATION *(continued)*

Allocation of property development costs

Land costs are allocated to each unit according to their respective saleable gross floor areas ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of the Group's right-of-use assets principally includes initial direct costs incurred, and lease payments made at or before the commencement date. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	40 years
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When the right-of-use assets relate to interests in leasehold land held as properties under development, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "Properties under development".

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING INFORMATION *(continued)*

Leases *(continued)*

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease. The Group's leases were principally operating leases.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING INFORMATION *(continued)*

Investments and other financial assets *(continued)*

Initial recognition and measurement *(continued)*

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Land development cost recoverable

Land development cost recoverable represents the Group's contractual right to receive cash (amounted to its previous payments and finance cost capitalised for a land development project) from a PRC local-government related entity (note 23(b)). The directors of the Company had considered all available circumstances at the initial recognition of Land development cost recoverable and considered it represented solely payments of principal and interest.

Land development cost recoverable is recognised initially at fair value. The Group holds the Land development cost recoverable with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment assessment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING INFORMATION *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement *(continued)*

Financial assets designated at fair value through other comprehensive income (equity investments)

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

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING INFORMATION *(continued)*

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“**ECLs**”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the differences between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING INFORMATION *(continued)*

Impairment of financial assets *(continued)*

General approach *(continued)*

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and lease receivable which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Land development cost recoverable

As at 31 December 2023, the Group presumes that the local government will take 9 months to arrange funding and evaluate the settlement plan for the land development cost recoverable. In September 2024, the Group received a partial settlement from the government. The Group negotiated with the government and understood its plan to settle the remaining within two years. Management rebutted the presumption that there is significant in credit risk after considered the actual and expected credit rating of the local government, the actual and expected overall economic environment of the PRC and there is a partial payment from the local government during the year ended 31 December 2024.

During the year ended 31 December 2025, the Group renegotiated the settlement plan with the government. Management expected the government will settle the remaining balance over 1 year and reclassified the amount as non-current. After considered the above facts and circumstances, management considered the credit risk of the land development cost recoverable has increased since initial recognition but that are not credit-impaired, impairment of RMB1,567,000 (2024: RMB1,159,000) is provided during the year ended 31 December 2025.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING INFORMATION *(continued)*

Financial liabilities

Initial recognition and measurement

The Group's financial liabilities include trade and other payables and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of loans and borrowings is as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is in accordance with the accounting policy for borrowing costs.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING INFORMATION *(continued)*

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Revision of estimates of payments or receipts

If the Group revises its estimates of payments or receipts (other than modification events that are not substantial and changes in estimates of expected credit losses), the Group adjusts the gross carrying amount of the financial asset or amortised cost of a financial liability to reflect actual and revised estimated contractual cash flows. The Group recalculates the gross carrying amount of the financial asset or amortised cost of the financial liability as the present value of the estimated future contractual cash flows that are discounted at the financial instrument's original effective interest rate. The adjustment is recognised in profit or loss as income or expense.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. Further details are included in note 3 to the financial statements.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING INFORMATION *(continued)*

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the country in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING INFORMATION *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Sale of properties

Revenue from the sale of properties is recognised at the point in time when control of the properties is transferred to the customer, generally on delivery of the properties.

(b) Sale of construction materials

Revenue from the sale of construction materials is recognised at the point in time when control of the assets is transferred to the customer, generally on delivery of the construction materials.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING INFORMATION *(continued)*

Revenue recognition *(continued)*

Other income *(continued)*

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

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

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING INFORMATION *(continued)*

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave, and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Pension scheme

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

The Group participates in the national pension schemes as defined by the laws of the PRC since the Group only has operations in the PRC. Subsidiaries within the Group which are established and operate in Chinese Mainland are required to provide certain staff pension benefits to their employees under existing regulations of the PRC (the "**PRC Pension Scheme**"). The Group's employer contributions to the PRC Pension Scheme vest fully with the employees upon the contributions are made and hence no forfeited contributions arise when the employees leave the scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale, and suspended when the projects are suspended during the extended periods in which the Group suspends active development of a qualifying asset. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING INFORMATION *(continued)*

Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- They are available for immediate sale
- Management is committed to a plan to sell
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn
- An active programme to locate a buyer has been initiated
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value, and
- A sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- Their carrying amount immediately prior to being classified as held for sale in accordance with the group's accounting policy; and
- Fair value less costs of disposal.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financing plans assessed as detailed in note 2.1 to these consolidated financial statements. However, because not all future events or conditions can be predicted, this assumption is not a guarantee as to the Group's and Company's ability to continue as a going concern.

Estimation uncertainty

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

Provision for expected credit losses on trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and other receivables is disclosed in note 22 and note 23 to the financial statements, respectively.

The loss allowances for land development cost recoverable are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on default rate of counterparties (i.e. relevant local government in the PRC), as well as other relevant credit risk adjustment and forward looking estimates at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Estimation of fair value of investment properties

Investment properties were revalued based on the appraised market value by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimate, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of the reporting period.

In the absence of current prices in an active market for similar properties, the Group considers information from discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, vacancy rates and expected future market rents. The carrying amount of investment properties was RMB90,000,000 as at 31 December 2025 (2024: RMB96,000,000).

Net realisable value of properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the net realisable value of the subject properties by estimating the selling prices, the costs to completion for properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions and by reference to the latest selling prices of properties sold in the ordinary course of business by the Group or other developers in the same location or adjacent area.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Net realisable value of properties under development and completed properties held for sale *(continued)*

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease, and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgements and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the period in which such estimate is changed will be adjusted accordingly. The carrying amounts of properties under development and completed properties held for sale as at 31 December 2025 were RMB4,432,887,000 (2024: RMB4,921,678,000) and RMB1,501,595,000 (2024: RMB1,045,640,000), respectively.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. A significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. No deferred tax assets relating to tax losses recognised as at 31 December 2025 (2024: nil). The amount of unrecognised tax losses as at 31 December 2025 was RMB375,652,000 (2024: RMB192,300,000). Further details are included in note 29 in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has organised its business units based on their products and services and only has one reportable operating segment. Management monitors the operating results of the Group as a whole for the purpose of making decisions about resource allocation and performance assessment.

No geographical segment information is presented as the Group's revenue from the external customers was derived solely from its operations in the Chinese Mainland and no non-current assets of the Group were located outside the Chinese Mainland.

No information about major customers is presented as no revenue from sales to a single customer individually accounted for 10% or more of the Group's total revenue for the Reporting Period (2024: same).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	151,596	1,197,272
Gross rental income from investment property under operating leases:		
Fixed lease payments	1,302	1,324
	152,898	1,198,596

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
Types of goods		
Sale of properties	151,596	1,197,272
Total revenue from contracts with customers	151,596	1,197,272
Timing of revenue recognition		
Goods transferred at a point in time	151,596	1,197,272
Total revenue from contracts with customers	151,596	1,197,272

The following table shows the amounts of revenue recognised in the current Reporting Period that were included in the contract liabilities at the beginning of the Reporting Period:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the Reporting Period:		
Sale of properties	117,161	988,564

(b) Performance obligations

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

Sale of properties

The performance obligation is satisfied upon delivery of the properties and payment in advance is normally required.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE, OTHER INCOME AND GAINS *(continued)* Revenue from contracts with customers *(continued)*

(b) Performance obligations *(continued)*

Sale of properties (continued)

The amounts of transaction prices allocated to the performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025 RMB'000	2024 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	228,942	226,875
After one year	2,559,476	2,582,281
	2,788,418	2,809,156

	2025 RMB'000	2024 RMB'000
Other income		
Bank interest income	61	914
Deemed interest income from land development cost recoverable	38,852	—
Total interest income on financial assets not at fair value through profit and loss	38,913	914
Dividend from equity investments designed at fair value through other comprehensive income	—	5,000
Gross rental income from properties not classified as investment property	2,432	3,385
Gain on disposal of subsidiaries	—	33,835
Others	1,349	714
	42,694	43,848

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on bank and other borrowings	126,926	145,515
Interest on loans from related parties (note 37(a))	22,212	27,197
Interest on loans from directors (note 37(a))	8,624	8,780
Accretion on contract liabilities (note a)	39,826	100,328
Total interest expense on financial liabilities not at fair value through profit or loss	197,588	281,820
Less: Interest capitalised (note b)	(55,038)	(120,866)
	142,550	160,954

Note a: Represent adjustment to transaction price for certain transactions with significant financing component due to a significant difference between timing of cash receipt from and transfer of properties to buyers.

Note b: Where funds have been borrowed generally, and used for the purpose of acquisition, construction, production for qualifying assets, a capitalisation rate ranging from 3.00% to 7.20% (2024: 3.20% to 8.65%) has been applied to the expenditure on the individual assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. LOSS BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of properties sold	21	98,947	1,018,339
Loss on revising estimated timing of receipt of land development cost recoverable	23(b)	30,082	56,407
Depreciation of property, plant and equipment	13	5,068	5,527
Depreciation of right-of-use assets	16(b)	45	45
Amortisation of intangible assets*	17	2	3
Lease payments not included in the measurement of lease liabilities	16(b)	611	1,361
Auditor's remuneration		2,380	2,380
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)**):			
Wages and salaries		15,297	11,881
Staff welfare expenses		2,048	3,524
Pension scheme contributions		1,593	1,438
		18,938	16,843
Provision on expected credit loss on financial asset, net			
— Reversal of impairment of trade receivables	22	(392)	(44)
— Reversal of impairment of other receivables	23	(490)	(2,471)
— Impairment of land development cost recoverable	23	1,567	1,159
		685	(1,356)
Changes in fair value of investment properties	14	6,000	7,000
Foreign exchange losses/(gain), net		370	(321)
Write-down of completed properties held for sale ***	21	70,506	39,582
Write-down of properties under development***		46,709	22,602

* The amortisation of intangible assets for the year is included in "Administrative expenses" in the consolidated statement of profit or loss.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

*** Included in "Cost of Sales".

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2025 RMB'000	2024 RMB'000
Fees	120	120
Other emoluments:		
Salaries, allowances and benefits in kind	1,246	1,404
Pension scheme contributions	43	63
	1,289	1,467
	1,409	1,587

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2025 RMB'000	2024 RMB'000
Mr. Gao Jianhua	40	40
Mr. Tian Hua	40	40
Mr. Qiu Yongqing	40	40
	120	120

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2025					
Executive directors:					
Mr. Bai Xuankui	—	516	—	—	516
Mr. Bai Wukui	—	500	—	6	506
Mr. Dong Shiguang	—	124	—	20	144
Mr. Bai Guohua	—	106	—	17	123
	—	1,246	—	43	1,289
2024					
Executive directors:					
Mr. Bai Xuankui	—	516	—	—	516
Mr. Bai Wukui	—	504	—	6	510
Mr. Dong Shiguang	—	127	—	20	147
Mr. Bai Guohua	—	257	—	37	294
	—	1,404	—	63	1,467

Mr. Bai Wukui is the chief executive officer and an executive director of the Group.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2024: same).

The directors did not receive any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2024: nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2024: three directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2024: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	473	328
Pension scheme contributions	76	52
	549	380

The number of non-director highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2025	2024
Nil to HK\$1,000,000	3	2

The five highest paid employees did not receive any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2024: nil).

10. INCOME TAX (CREDIT)/EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and the British Virgin Islands are not subject to any income tax.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. INCOME TAX (CREDIT)/EXPENSE *(continued)*

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax is calculated based on a tax rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the year (2024: nil).

The provision for Chinese Mainland current income tax is based on the statutory rate of 25% of the assessable profits of PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

According to the requirements of the provisional regulations of the PRC on the land appreciation tax ("LAT") effective from 1 January 1994 onwards, and the detailed implementation rules on the provisional regulations of the PRC on LAT effective from 27 January 1995 onwards, all income from the sale or transfer of state-owned leasehold interests on land, buildings and their attached facilities in Chinese Mainland is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has estimated, made and included in tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

Major components of the Group's income tax (credit)/expense are as follows:

	2025 RMB'000	2024 RMB'000
Current tax:		
Income tax charge	3,217	12,009
Over provision in prior years	(9,093)	(7,686)
LAT	2,150	1,335
Deferred tax (note 29)	(21,914)	(3,917)
Total tax (credit)/expense for the year	(25,640)	1,741

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. INCOME TAX (CREDIT)/EXPENSE *(continued)*

A reconciliation of the income tax expense/(credit) applicable to loss before tax using the statutory rate to the income tax expense/(credit) at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Loss before tax	(297,269)	(128,680)
Tax at the statutory tax rate	(74,317)	(32,170)
Provision for LAT	2,150	1,335
Tax effect of LAT provision	(538)	(334)
Effect of withholding tax at 10% on distributable profits of the Group's PRC subsidiaries	—	475
Expenses not deductible for tax	791	33,081
Income not subject to tax	(181)	(11,608)
Over-provision in prior year	(9,093)	(7,686)
Tax losses not recognised	55,548	18,648
Tax (credit)/expenses at the Group's effective rate	(25,640)	1,741

Tax payable in the consolidated statement of financial position represents:

	2025 RMB'000	2024 RMB'000
Tax payable		
— PRC corporate income tax	89,080	106,878
— PRC land appreciation tax	18	—
	89,098	106,878

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. DIVIDENDS

The directors resolved not to declare an interim and a final dividend for the year ended 31 December 2025 (2024: nil).

12. LOSSES PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic losses per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 600,000,000 (2024: 600,000,000) in issue during the year as adjusted to reflect the right issue during the year.

The calculation of basic losses per share attributable to ordinary equity holders of the parent is based on the following data:

The calculation of basic losses per share is based on:

	2025 RMB'000	2024 RMB'000
Losses		
Loss attributable to ordinary equity holders of the parent used in the basic losses per share calculation	(271,250)	(162,190)

	Number of shares	
	2025 '000	2024 '000
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic losses per share calculation	600,000	600,000

Diluted losses per share is the same as basic losses per share because the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Motor vehicles RMB'000	Machinery RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2025						
At 1 January 2025:						
Cost	83,345	36,097	2,989	23,924	3,276	149,631
Accumulated depreciation	(41,506)	(32,560)	(1,300)	(23,181)	(2,915)	(101,462)
Net carrying amount	41,839	3,537	1,689	743	361	48,169
At 1 January 2025, net of accumulated depreciation	41,839	3,537	1,689	743	361	48,169
Additions	—	1,993	—	68	110	2,171
Disposals	—	(21)	—	—	—	(21)
Depreciation provided during the year	(3,551)	(953)	(171)	(393)	—	(5,068)
At 31 December 2025, net of accumulated depreciation	38,288	4,556	1,518	418	471	45,251
At 31 December 2025:						
Cost	83,345	38,069	2,989	23,992	3,386	151,781
Accumulated depreciation	(45,057)	(33,513)	(1,471)	(23,574)	(2,915)	(106,530)
Net carrying amount	38,288	4,556	1,518	418	471	45,251

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Buildings RMB'000	Motor vehicles RMB'000	Machinery RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2024						
At 1 January 2024:						
Cost	83,345	36,800	2,989	23,928	3,276	150,338
Accumulated depreciation	(37,955)	(31,325)	(1,248)	(22,721)	(2,686)	(95,935)
Net carrying amount	45,390	5,475	1,741	1,207	590	54,403
At 1 January 2024, net of accumulated depreciation						
	45,390	5,475	1,741	1,207	590	54,403
Additions	—	516	—	79	—	595
Disposals	—	(1,219)	—	(83)	—	(1,302)
Depreciation provided during the year	(3,551)	(1,235)	(52)	(460)	(229)	(5,527)
At 31 December 2024, net of accumulated depreciation						
	41,839	3,537	1,689	743	361	48,169
At 31 December 2024:						
Cost	83,345	36,097	2,989	23,924	3,276	149,631
Accumulated depreciation	(41,506)	(32,560)	(1,300)	(23,181)	(2,915)	(101,462)
Net carrying amount	41,839	3,537	1,689	743	361	48,169

As at 31 December 2025, certain of the Group's property, plant and equipment with a carrying amount of approximately RMB21,033,000 (2024: RMB23,143,000) were pledged to secure bank loans granted to the Group (note 28).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	96,000	103,000
Net loss from a fair value adjustment	(6,000)	(7,000)
Carrying amount at 31 December	90,000	96,000

The Group's investment properties consist of three commercial properties in China. The directors of the Company have determined that the investment properties consist of two classes of assets, i.e., retail and office, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 December 2025 based on valuations performed by DTZ Debenham Tie Leung Limited ("DTZ"), an independent recognised and relevant professional qualification professionally qualified valuer, at RMB90,000,000 (2024: RMB96,000,000).

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

During the year, RMB1,302,000 (2024: RMB1,324,000) was recognised in the consolidated statement of profit or loss in relation to rental income from the investment properties. No direct operating expenses arising from investment property that generated rental income (2024: nil).

Fair value hierarchy

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

	Fair value measurement as at 31 December 2025 using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Recurring fair value measurement for:				
Retail properties	—	—	63,000	63,000
Office properties	—	—	27,000	27,000
	—	—	90,000	90,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

	Fair value measurement as at 31 December 2024 using			Total RMB'000
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for:				
Retail properties	—	—	68,000	68,000
Office properties	—	—	28,000	28,000
	—	—	96,000	96,000

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Retail properties RMB'000	Office properties RMB'000	Total RMB'000
Carrying amount at 1 January 2024	73,000	30,000	103,000
Net loss from a fair value adjustment recognised in other expenses in the statement of profit or loss	(5,000)	(2,000)	(7,000)
Carrying amount at 31 December 2024 and 1 January 2025	68,000	28,000	96,000
Net loss from a fair value adjustment recognised in other expenses in the statement of profit or loss	(5,000)	(1,000)	(6,000)
Carrying amount at 31 December 2025	63,000	27,000	90,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Set out below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Investment properties	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs	
			2025	2024
Retail properties	Income approach	Prevailing market rents per square meter Yield rate	RMB22 to RMB86 7%	RMB23 to RMB89 7%
Office properties	Income approach	Prevailing market rents per square meter Yield rate	RMB72 to RMB110 7%	RMB67 to RMB103 7%

Prevailing market rents are estimated based on recent letting transactions within the subject properties and other comparable properties. An increase/(decrease) in the estimated rental value in isolation would result in an increase/(decrease) in the fair value of the investment properties. An increase/(decrease) in the yield rate in isolation would result in a significant decrease/(increase) in the fair value of the investment properties.

15. PROPERTIES UNDER DEVELOPMENT

	2025 RMB'000	2024 RMB'000
Carrying amount at 31 December	4,432,887	4,921,678
Less: Current portion	(4,189,017)	(4,655,403)
Non-current portion	243,870	266,275

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. PROPERTIES UNDER DEVELOPMENT *(continued)*

Properties under development expected to be recovered:

	2025 RMB'000	2024 RMB'000
Within one year	1,458,755	550,397
After one year	2,974,132	4,371,281
	4,432,887	4,921,678

As at 31 December 2025, certain of the Group's properties under development with a carrying value of approximately RMB906,769,000 (2024: RMB1,543,737,000) were pledged to secure bank loans granted to the Group (note 28).

16. LEASES

The Group as a lessee

The Group has lease contracts for land that is used in its operations. Lump sum payments were made upfront to acquire the leased land with initial lease periods of 40 years, and no ongoing payments will be made under the terms of these land leases.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000
As at 1 January 2024	1,097
Depreciation charge	(45)
As at 31 December 2024 and 1 January 2025	1,052
Depreciation charge	(45)
As at 31 December 2025	1,007

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. LEASES *(continued)*

The Group as a lessee *(continued)*

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

	2025 RMB'000	2024 RMB'000
Depreciation of right-of-use assets	45	45
Expense relating to leases of low-value assets (included in administrative expenses)	611	1,361
Total amount recognised in profit or loss	656	1,406

(c) The total cash outflow for leases is disclosed in note 35(b) to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 14) and completed properties held for sale under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits. Rental income recognised by the Group during the year was RMB3,734,000 (2024: RMB4,709,000), details of which are included in note 5 to the financial statements.

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

	2025 RMB'000	2024 RMB'000
Within one year	1,274	1,254
After one year but within two years	1,237	1,237
After two years but within three years	1,313	1,237
After three years but within four years	1,313	1,313
After four years but within five years	1,313	1,313
After five years	1,636	3,386
	8,086	9,740

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. INTANGIBLE ASSETS

	Software RMB'000
31 December 2025	
Cost at 1 January 2025, net of accumulated amortisation	2
Amortisation provided during the year	(2)
At 31 December 2025	—
At 31 December 2025:	
Cost	2,002
Accumulated amortisation	(2,002)
Net carrying amount	—
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	5
Amortisation provided during the year	(3)
At 31 December 2024	2
At 31 December 2024:	
Cost	2,002
Accumulated amortisation	(2,000)
Net carrying amount	2

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. INVESTMENTS IN JOINT VENTURE

	2025 RMB'000	2024 RMB'000
Share of net assets	9,262	8,536

Particulars of the Group's joint venture is as follows:

Company	Place of incorporation/ registration and business	Nominal value of registered capital	Percentage of ownership interest attributable to the Group	Principal activities
Shanxi Greentown Property Service Co., Ltd. ("Shanxi Greentown Property")	PRC	RMB6,000,000	49	Property management

The above investment is held by an indirectly wholly-owned subsidiary of the Company.

In the opinion of the directors, the joint venture is not material to the Group. The joint venture is accounted for using the equity method and there is no quoted market price available for their shares.

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

	2025 RMB'000	2024 RMB'000
Share of the joint venture's profit for the year	726	4,169
Share of the joint venture's total comprehensive income	726	4,169
Dividend received from joint venture	—	1,317
Aggregate carrying amount of the Group's investments in the joint venture	9,262	8,536

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Listed equity investment, at fair value	58,925	60,672

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

20. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	25,702	29,956

21. COMPLETED PROPERTIES HELD FOR SALE

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	1,045,640	915,170
Transfer from properties under development (note 15)	625,408	1,188,391
Transfer to cost of properties sold (note 7)	(98,947)	(1,018,339)
Write-down during the year (note 7)	(70,506)	(39,582)
Carrying amount at 31 December	1,501,595	1,045,640

As at 31 December 2025, certain of the Group's completed properties held for sale with a carrying value of approximately RMB732,882,000 (2024: RMB87,401,000) were pledged to secure bank loans granted to the Group (note 28).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	4,968	5,199
Impairment	(2,623)	(3,015)
	2,345	2,184

The Group's trade receivables principally originated from its constructions materials business and its trading terms with its customers are mainly on credit. The credit period is generally one month to one year. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	—	—
3 to 6 months	—	—
Over 6 months and less than 1 year	2,345	2,184
	2,345	2,184

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	3,015	3,059
Reversal of impairment losses (note 7)	(392)	(44)
At end of year	2,623	3,015

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about current conditions and forecasts of future economic conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

23(a). PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	2025 RMB'000	2024 RMB'000
Prepayments	(a)	43,399	58,369
Consideration receivables	(b)	89,697	89,697
Deposits and other receivables	(c)	155,555	134,882
Cost to obtain contracts	(d)	24,730	26,770
Due from related parties	(e)	2,482	2,269
Other tax recoverable		164,534	153,752
		480,397	465,739
Impairment	(f)	(92,705)	(93,195)
		387,692	372,544

Notes:

- (a) The amounts mainly represent the prepayments to sub-contractors for the property construction.
- (b) On 30 October 2020, a wholly owned indirect subsidiary of the Company disposed 49% equity interests in an associate, Xishuangbanna Yunchen Real Estate Co., Ltd. to Xishuangbanna Global Sunac Tourism Development Co., Ltd. ("Global Sunac") at a consideration of approximately RMB95.35 million. Global Sunac is a subsidiary of Sunac China Holdings Limited ("Sunac China"), which is listed in Main Board of the Hong Kong Stock Exchange Limited. Pursuant to the disposal agreement, the consideration is payable within 12 months from the date of the disposal agreement. As at 31 December 2022, amount of RMB89,697,000 was still outstanding, management of the Company are in doubt of the ability and the incentives of Sunac China Group to repay the outstanding balances and considered the possibility of recovery was remote. Therefore, a lifetime ECL (Stage 3) of RMB89,697,000 was recognised during the year ended 31 December 2022. During the year ended 31 December 2022, the Group has taken legal action against Sunac China Group for the settlement of the outstanding receivables. During the years ended 31 December 2025 and 2024, there is no repayment of any debt from Sunac China and the legal case is still in progress. Hence, there is no reversal of impairment or written off during these two years.
- (c) The amounts mainly represent deposits with suppliers and governments.
- (d) Cost to obtain contracts is initially recognised as an asset for revenue to be recognised upon transfer of completed properties held for sale. Included in cost to obtain contracts are sales commission and stamp duty. When the revenue from the related contract is recognised, the amount recognised as cost to obtain contracts is charged out to selling and distribution expenses and administrative expenses. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.
- As at 31 December 2025 and 2024, the cost to obtain contracts is expected to be recovered or settled within two years.
- (e) Due from related parties are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

23(a). PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(continued)*

Notes: *(continued)*

(f) The movements in the loss allowance for impairment of other receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	93,195	95,666
Reversal of impairment losses	(490)	(2,471)
At end of year	92,705	93,195

Deposits and other receivables mainly represent deposits with suppliers and governments. Expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied as at 31 December 2025 and 2024 was assessed to be minimal.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts, except for the consideration receivables mentioned in above note (b).

Information about the impairment of other receivables and the Group's exposure to credit risk can be found in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

23(b). LAND DEVELOPMENT COST RECOVERABLE

	2025 RMB'000	2024 RMB'000
Land development cost recoverable	1,635,419	1,812,628
Impairment	(2,726)	(1,159)
	1,632,693	1,811,469
Portion classified as current assets	—	613,681
Non-current portion	1,632,693	1,197,788
	1,632,693	1,811,469

During the year ended 31 December 2019, the Group entered into a contractual arrangement with a local government in the PRC and its related parties for a land development project. Land development cost recoverable represented all costs paid by the Group under the aforesaid land development contractual arrangement from 2019 to 2023 and finance costs of specific borrowing obtained for conducting the underlying land development project. Due to prolonged delay by the contracted parties, the Group has contractual right to exit from the project and to claim from a contracted party the land development cost recoverable. During the year ended 31 December 2023, the Group has exercised the aforementioned contractual right to claim the land development cost recoverable from a contracted party. The land development cost recoverable represents receivables from a local government-related party in the PRC.

In September 2024, upon the Group's negotiation with the local government, the Group received a partial settlement of land development cost recoverable. The local government communicated its plan to settle the remaining land development cost recoverable within two years. Due to the aforesaid circumstances in 2024, the Group revised its estimates of receipts of the remaining land development cost recoverable to align with the plan communicated by the local government.

During the year ended 31 December 2025, the Group received another partial settlement of land development cost recoverable. As the counterparty did not settle the remaining balance in accordance with the original settlement plan, the Group revised its estimate of the recoverable amount based on the updated settlement plan communicated with the local government and the land development cost recoverable is classified as non-current accordingly. After considered the above facts and circumstances, management considered the credit risk of the land development cost recoverable has increased since initial recognition but that are not credit-impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

23(b). LAND DEVELOPMENT COST RECOVERABLE *(continued)*

As a result, the Group recognised a loss on revising the estimated timing of receipt of land development cost recoverable, which amounted to approximately RMB30,082,000 (2024: RMB56,407,000) and an expected credit loss allowance, which amounted to RMB1,567,000 (2024: RMB1,159,000) during the year ended 31 December 2025.

24. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2025 RMB'000	2024 RMB'000
Total cash and bank balances, including pledged deposits	112,161	123,582
Less: Pledged time deposits with original maturity of one years when acquired	(2,705)	(10,272)
Restricted cash as security for purchasers' mortgage loans	(4,497)	(5,656)
Cash and cash equivalents	104,959	107,654

As at 31 December 2025, the cash and bank balances of the Group denominated in RMB amounted to RMB59,346,000 (2024: RMB66,154,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in designated bank accounts for specified use. Bank deposits of RMB4,497,000 (2024: RMB5,656,000) were pledged as security for purchasers' mortgage loans.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the Reporting Period, based on the payment due date, is as follows:

	2025 RMB'000	2024 RMB'000
Less than 1 year	128,718	89,766
1 to 2 years	57,228	174,709
2 to 3 years	141,027	245,323
3 to 4 years	231,870	216,927
4 to 5 years	211,522	76,911
Over 5 years	114,507	59,663
	884,872	863,299

The trade and bills payables are unsecured, interest-free and are normally settled based on the progress of construction.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. OTHER PAYABLES AND ACCRUALS

Current portion	Notes	2025 RMB'000	2024 RMB'000
Payroll and welfare payable		4,009	9,606
Payables to government authority		6,291	6,307
Deposits related to sales of properties		177,534	147,158
Deposits related to construction		332	932
Sales commission payable		293	389
Payables to third parties		156,434	99,905
Due to related parties	37	200,674	189,726
Due to a director	(a), 37	94	96
Advances from lessees		1,672	1,629
Interest payables		430,927	312,855
Taxes payable other than corporate income tax and LAT		222,160	228,126
		1,200,420	996,729
Non-current portion			
Due to directors	(a), 37	63,400	63,500

Notes:

- (a) As at 31 December 2025, the amounts due to directors are unsecured, interest-free and repayable on demand, except for an amount of RMB63,400,000 (2024: RMB63,500,000) due to directors which are unsecured, repayable after one year and carried with interest rate at 5.5%–15.0%.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Contract liabilities	2,788,418	2,809,156

Contract liabilities include the sales proceeds received from buyers in connection with the Group's pre-sale of properties.

28. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank borrowings – secured	3.00–7.20	2026	2,425,196	3.85–8.65	2025	2,546,796
Bank borrowings – unsecured	3.85–4.00	2026	150,600	3.85–6.50	2025	54,200
Other borrowings – secured	—	—	—	3.20–5.50	2025	87,500
Other borrowings – unsecured	—	—	—	15.00	2025	12,000
			2,575,796			2,700,496
Non-current						
Other borrowings – unsecured	3.85–15.00	2027–2028	41,900	15.00	2027	30,000
			41,900			30,000
			2,617,696			2,730,496

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Analysis per original maturity date are as follows:

	2025			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank borrowings – secured	3.00–7.00	2026	369,480	5.50–8.65	2025	571,576
Bank borrowings – unsecured	—	—	—	6.50	2025	44,900
Other borrowings – secured	—	—	—	3.20–5.50	2025	87,500
Other borrowings – unsecured	—	—	—	5.50	2025	5,000
			369,480			708,976
Non-current						
Bank borrowings – secured	3.85–7.20	2027–2030	2,055,716	3.85–7.50	2026–2029	1,975,220
Bank borrowings – unsecured	3.85–4.00	2027–2029	150,600	3.85	2027	9,300
Other borrowings – secured	—	—	—	—	—	—
Other borrowings – unsecured	3.85–15.00	2027–2028	41,900	15.00	2027–2028	37,000
			2,248,216			2,021,520
			2,617,696			2,730,496

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank and other borrowings repayable:		
On demand or within one year	2,575,796	2,700,496
In the second year	30,000	—
In the third to fifth years, inclusive	11,900	30,000
	2,617,696	2,730,496

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank and other borrowings per original maturity date (without default repayable):		
Within one year	369,480	708,976
Over one year	2,248,216	2,021,520
	2,617,696	2,730,496

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Notes:

- (a) As at 31 December 2025, the Group's bank and other borrowings are secured by:
- (i) mortgages over the Group's property under development, which had a net carrying value at the end of the Reporting Period of approximately RMB906,769,000 (2024: RMB1,543,737,000) (note 15);
 - (ii) mortgages over the Group's completed properties held for sale, which had a net carrying value at the end of the Reporting Period of approximately RMB732,882,000 (2024: RMB87,401,000) (note 21);
 - (iii) mortgages over the Group's property, plant and equipment, which had a net carrying value at the end of the Reporting Period of approximately RMB21,033,000 (2024: RMB23,143,000) (note 13); and
 - (iv) the guarantees provided by the Company, the subsidiary of the Group, the Director of the Company and the Company's controlling shareholder.
- All of the banking facilities were subject to the fulfilment of covenants commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the borrowings would become repayable on demand. The Group regularly monitors its compliance with these covenants.
- (b) Pursuant to some of the Group's borrowings' agreements, any delay of the repayment in accordance of the repayment schedule will trigger the rights to request for immediate repayment, resulting in the relevant borrowings becoming repayable on demand. As at 31 December 2025, the Group failed to repay certain bank borrowings' principal, interest payable and penalty payable of an aggregate amount of approximately RMB11,000,000, RMB27,346,000 and RMB1,000 (2024: RMB12,800,000, RMB8,547,000 and RMB117,000) which causing bank loans of an aggregate principal amount of approximately RMB2,263,280,000 (2024: RMB2,273,690,000) have become repayable on demand. Hence, the entire amount of the bank borrowings became immediately payable and has been classified as current liabilities as at 31 December 2025.
- (c) None of the Group's banking facilities (including bank borrowings) are subject to the fulfillment of financial covenants as at 31 December 2025.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Fair value adjustment arising from investment properties RMB'000	Withholding tax RMB'000	Gain on property revaluation RMB'000	Accrued LAT RMB'000	Cost to obtain contracts RMB'000	Total RMB'000
Gross deferred tax liabilities at 1 January 2024	10,665	29,299	7,777	(1,791)	10,816	56,766
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	(1,750)	(761)	—	13,050	(4,124)	6,415
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	8,915	28,538	7,777	11,259	6,692	63,181
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	(1,500)	—	—	(335)	(510)	(2,345)
Gross deferred tax liabilities at 31 December 2025	7,415	28,538	7,777	10,924	6,182	60,836

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. DEFERRED TAX *(continued)*

Deferred tax assets

	Fair value adjustments of equity investments at fair value through other comprehensive income	Unrealised revenue in contract liabilities	Accrued payroll	Unrealised profit attributable to the intra-group transactions	Loss on revising estimated timing of receipt of land development cost recoverable	Impairment of properties under development	Impairment of completed properties held for sale	Impairment of trade receivables and other receivables	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets at 1 January 2024	23,326	159,838	1,448	12,188	–	29,128	11,367	24,681	261,976
Deferred tax credited to other comprehensive income during the year	416	–	–	–	–	–	–	–	416
Deferred tax (charged)/credited to the statement of profit or loss during the year (note 10)	–	(17,831)	(268)	(878)	14,102	5,651	9,895	(339)	10,332
Gross deferred tax assets at 31 December 2024 and 1 January 2025	23,742	142,007	1,180	11,310	14,102	34,779	21,262	24,342	272,724
Deferred tax credited to other comprehensive income during the year	437	–	–	–	–	–	–	–	437
Deferred tax (charged)/credited to the statement of profit or loss during the year (note 10)	–	(6,040)	368	(2,043)	(2,192)	11,677	17,627	172	19,569
Gross deferred tax assets at 31 December 2025	24,179	135,967	1,548	9,267	11,910	46,456	38,889	24,514	292,730

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. DEFERRED TAX *(continued)*

Deferred tax assets *(continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	277,424	256,573
Net deferred tax liabilities recognised in the consolidated statement of financial position	45,530	47,030

Deferred tax assets have not been recognised as at 31 December in respect of the following item:

	2025 RMB'000	2024 RMB'000
Tax losses	375,652	192,300

The above tax losses are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprise established in Chinese Mainland. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty/arrangement between Chinese Mainland and the jurisdiction of the foreign investors and the foreign investors are the beneficial owners of the dividends. The Group is therefore liable to withholding taxes on dividends distributed by those foreign invested subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008. For the Group, the applicable rate is 10%.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. DEFERRED TAX *(continued)*

Deferred tax assets *(continued)*

Deferred tax liabilities are recognised based on the estimated dividend to be distributed from the distributable earnings after 31 December 2007 from the subsidiaries established in Chinese Mainland. In the opinion of the directors, except for an amount of RMB285,380,000 (2024: RMB285,380,000), it is not probable that these subsidiaries established in Chinese Mainland will distribute the remaining earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised was approximately RMB236,772,000 as at 31 December 2025 (2024: RMB244,243,000).

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

30. SHARE CAPITAL

	2025 HK\$'000	2024 HK\$'000
Authorised: 1,000,000,000 (2024: 1,000,000,000) ordinary shares of HK\$0.01 each	10,000	10,000

	2025 HK\$'000	2025 RMB'000	2024 HK\$'000	2024 RMB'000
Issued and fully paid: 599,999,989 (2024: 599,999,989) ordinary shares of HK\$0.01 each	6,000	4,855	6,000	4,855

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

	Number of shares in issue	Share capital RMB'000	Share premium account RMB'000	Total RMB'000
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	599,999,989	4,855	344,141	348,996

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 350 to 351 of the financial statements.

Statutory surplus reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are registered in the PRC as domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserves may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

Capital reserve

Capital reserve of the Group represents the aggregate amount of the paid-up capital of those companies comprising the Group prior to the incorporation of the Company.

On 12 September 2013, Sichuan Changxing (Holdings) Limited ("**Sichuan Changxing**") injected additional capital of RMB139,200,000 into Chen Xing Sichuan. Upon completion of the capital contribution, the shareholding of the Group in Chen Xing Sichuan decreased from 100% to 83.89%. The difference between the contributed amount of RMB139,200,000 net of tax of RMB1,375,000 and the share of net assets of Chen Xing Sichuan by Sichuan Changxing was recorded as the capital reserve.

On 24 December 2014 and as part of the reorganisation, the Group acquired Chen Xing from the shareholders of Chen Xing at a cash consideration of RMB203,809,000, which was fully paid in January 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank and other borrowings are included in note 28 to the financial statements.

33. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for:		
Property development activities	1,141,202	1,000,052
Capital contribution payable to joint ventures	2,450	252,950
	1,143,652	1,253,002

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. DISPOSAL OF SUBSIDIARIES IN PRIOR YEAR

During the year ended 31 December 2024, the disposal of 51% equity interests in Jinzhong Development at a consideration of RMB100,600,000 was completed. Upon completion of the disposal, Jinzhong Development will cease to be subsidiary of the Company and their financial results will no longer be consolidated into the financial statements of the Group. The assets and liabilities of Jinzhong Development as at the disposal date were as follows:

	RMB'000
Property, plant and equipment	64
Deferred tax assets	31,385
Properties under development	2,331,767
Completed properties held for sales	55,917
Prepayments, other receivables and other assets	731,023
Tax recoverable	18,549
Restricted cash	1,133
Cash and cash equivalents	17,016
Trade and bills payables	(312,324)
Other payables and accruals	(1,785,576)
Contract liabilities	(775,136)
Tax payable	(8,866)
Interest-bearing bank and other borrowings	(178,000)
Non-controlling interests	(60,187)
	66,765
Gain on disposal	33,835
Total consideration	100,600
Satisfied by:	
Cash	34,789
Offset payables	65,811
Total	100,600
Net cash flow arising on disposal:	
Cash consideration	34,789
Cash and bank balances disposed of	17,016
	17,773

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

2025

	Due to related parties (note 26) RMB'000	Interest payable (note 26) RMB'000	Amount due to directors (note 26) RMB'000	Interest-bearing bank and other borrowings (note 28) RMB'000	Total RMB'000
At 1 January 2025	189,726	312,855	63,596	2,730,496	3,296,673
Changes from financing cash flows:					
Repayment to directors	—	—	(102)	—	(102)
Advance from related parties	10,948	—	—	—	10,948
New bank and other borrowings	—	—	—	89,600	89,600
Repayment of bank and other borrowings	—	—	—	(202,400)	(202,400)
Interest paid	(22,212)	(8,854)	(8,624)	—	(39,690)
Total change from financing cash flows	(11,264)	(8,854)	(8,726)	(112,800)	(141,644)
Other charge:					
Interest on bank and other borrowings (note 6)	—	126,926	—	—	126,926
Interest on loans from related parties and directors (note 6)	22,212	—	8,624	—	30,836
At 31 December 2025	200,674	430,927	63,494	2,617,696	3,312,791

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(a) Changes in liabilities arising from financing activities *(continued)*

2024

	Due to related parties (note 26) RMB'000	Interest payable (note 26) RMB'000	Amount due to directors (note 26) RMB'000	Interest-bearing bank and other borrowings (note 28) RMB'000	Total RMB'000
At 1 January 2024	216,292	191,064	63,694	2,857,782	3,328,832
Changes from financing cash flows:					
Repayment to directors	–	–	(98)	–	(98)
Repayment to related parties	(26,566)	–	–	–	(26,566)
New bank and other borrowings	–	–	–	216,100	216,100
Repayment of bank and other borrowings	–	–	–	(343,386)	(343,386)
Interest paid	(27,197)	(23,724)	(8,780)	–	(59,701)
Total change from financing cash flows	(53,763)	(23,724)	(8,878)	(127,286)	(213,651)
Other charge:					
Interest on bank and other borrowings (note 6)	–	145,515	–	–	145,515
Interest on loans from related parties and directors (note 6)	27,197	–	8,780	–	35,977
At 31 December 2024	189,726	312,855	63,596	2,730,496	3,296,673

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Total cash outflow for leases

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

	2025 RMB'000	2024 RMB'000
Within operating activities	611	1,361
Within financing activities	—	—

36. GUARANTEES

	2025 RMB'000	2024 RMB'000
Guarantees given to banks in respect of mortgage facilities granted to the purchasers of the Group's properties	839,049	988,476

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to those banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loan and ends at the execution of individual purchaser's collateral agreement.

The Group did not incur any material losses during the Reporting Period in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's completed properties held for sale. The Directors considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. RELATED PARTY TRANSACTIONS

Details of the Group's principal related parties are as follows:

Name	Relationship
Mr. Bai Wukui	Director, the ultimate controlling shareholder
Mr. Bai Guohua	Director, the ultimate controlling shareholder
Mr. Bai Xuankui	Director, the ultimate controlling shareholder
Mr. Jiao Wuli	Key management personnel of the entity
Shanxi Wanjia Property Service Co., Ltd. ("Shanxi Wanjia")	Company controlled by the daughter of Mr. Bai Xuankui
Shanxi Wanzhong Heating Co., Ltd. ("Shanxi Wanzhong")	Company controlled by the daughter of Mr. Bai Xuankui
Shanxi Greentown Property ("Shanxi Greentown")	A joint venture
Shanghai Xuanyu Investment Management Co., Ltd. ("Shanghai Xuanyu")	Limited partnership with director Mr. Bai Xuankui and Mr. Bai Wukui
Mr. Bai Aijing	Key management personnel
Mrs. Bai Lidong	Dependants of a director
Mrs. Bai Lihua	Close family member of a director

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following material transactions with related parties during the year:

	2025 RMB'000	2024 RMB'000
Interest expense to related parties (note 6):		
Shanxi Wanzhong	3,935	3,986
Shanghai Xuanyu	15,923	15,966
Shanxi Wanjia	2,127	7,002
Mrs. Bai Lidong	227	243
	22,212	27,197
Interest expense to directors (note 6):		
Mr. Bai Xuankui	8,390	8,532
Mr. Bai Wukui	234	248
	8,624	8,780

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. RELATED PARTY TRANSACTIONS *(continued)*

(a) *(continued)*

	2025 RMB'000	2024 RMB'000
Amounts due to directors (note 26):		
Mr. Bai Guohua (Current portion)	94	96
Mr. Bai Xuankui (Non-current portion)	59,100	59,100
Mr. Bai Wukui (Non-current portion)	4,300	4,400
	63,400	63,500
Amounts due to related parties (note 26):		
Shanxi Wanjia	18,930	19,595
Shanxi Wanzhong	60,357	55,107
Shanghai Xuanyu	111,150	106,150
Shanxi Greentown	5,593	4,130
Mrs. Bai Lidong	4,200	4,300
Mrs. Bai Lihua	444	444
	200,674	189,726
Property management service from:		
Shanxi Greentown Property	2,643	292
Shanxi Wanjia	341	640
	2,984	932

(b) Other transactions with related parties:

Mr. Bai Xuankui has guaranteed certain of the Group's bank loans up to RMB2,535,696,000 (2024: RMB2,597,696,000) as at the end of the reporting period (note 28).

Mr. Bai Wukui has guaranteed certain of the Group's bank loans up to RMB219,348,000 (2024: RMB233,085,000) as at the end of the reporting period (note 28).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. RELATED PARTY TRANSACTIONS *(continued)*

(c) Outstanding balances with related parties

Details of the Group's outstanding balances with its related parties and directors as at the end of the reporting period are disclosed in notes 23 and 26 to the financial statements. At 31 December 2025, the balances are unsecured, interest-free and repayable on demand, except for the amount of approximately RMB172,350,000 (2024: RMB167,450,000) payable to related parties are interest bearing ranging from 5.5%–15% (2024: 5.5%–15 %) p.a and repayable within 1 year.

(d) Compensation of key management personnel of the Group:

	2025 RMB'000	2024 RMB'000
Short term employee benefits	1,854	1,999
Pension scheme contributions	140	159
Total compensation paid to key management personnel	1,994	2,158

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. FINANCIAL INSTRUMENTS BY CATEGORY

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

2025

Financial assets

	Financial assets at fair value through other comprehensive income		Total RMB'000
	Equity investments RMB'000	Financial assets at amortised cost RMB'000	
Financial assets included in prepayments, other receivables and other assets	—	1,812,452	1,812,452
Equity investment at fair value through other comprehensive income	58,925	—	58,925
Trade receivables	—	2,345	2,345
Cash and cash equivalents	—	104,959	104,959
	58,925	1,919,756	1,978,681

2025

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	884,872
Financial liabilities included in other payables and accruals	1,041,660
Interest-bearing bank and other borrowings	2,617,696
	4,544,228

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

Financial liabilities *(continued)*

2024

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total RMB'000
	Equity investments RMB'000	RMB'000	
Financial assets included in prepayments, other receivables and other assets	—	1,971,892	1,971,892
Equity investment at fair value through other comprehensive income	60,672	—	60,672
Trade receivables	—	2,184	2,184
Cash and cash equivalents	—	107,654	107,654
	60,672	2,081,730	2,142,402

2024

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	863,299
Financial liabilities included in other payables and accruals	832,103
Interest-bearing bank and other borrowings	2,730,496
	4,425,898

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, time deposits, restricted cash, trade receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank and other borrowings, approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a recent transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity investments are based on quoted market prices. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Management has assessed that the fair values of the non-current portion of interest-bearing bank and other borrowings approximate to their carrying amounts (including interest payable in other payable) largely due to the fact that such borrowings were made between the Group and an independent third party financial institution based on prevailing market interest rates.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2025

	Quoted prices in active market (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Equity investment designated at fair value through other comprehensive income	58,925	—	—	58,925

As at 31 December 2024

	Quoted prices in active market (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Equity investment designated at fair value through other comprehensive income	60,672	—	—	60,672

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 and 2024.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2024: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank balances, pledged deposits, trade receivables and trade payables, which arise directly from its operations. The Group has other financial liabilities such as interest-bearing bank and other borrowings and other payables. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. The Group has not used any derivatives and other instruments for hedging purposes to keep the Group's exposure to these risks to a minimum. The Group does not hold or issue derivative financial instruments for trading purposes. The chief financial officer reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings set out in note 28. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings.

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

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax and equity RMB'000
2025		
RMB	0.5%	—
RMB	(0.5)%	—
2024		
RMB	0.5%	(775)
RMB	(0.5)%	775

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the Hong Kong dollar exchange rate, with all other variables held constant, of the Group's (loss)/profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in HK\$ rate %	Increase/ (decrease) in profit before tax RMB'000
2025		
If the RMB weakens against the HK\$	5	2,716
If the RMB strengthens against the HK\$	(5)	(2,716)
2024		
If the RMB weakens against the HK\$	5	2,915
If the RMB strengthens against the HK\$	(5)	(2,915)

Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations.

At the end of the reporting period, the Group had certain concentrations of credit risk as 81% (2024: 83%) of the Group's other receivables which were due from a local government-related entity in the PRC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Land development cost recoverable balance is monitored on an ongoing basis. Since the Group's negotiation with the government during the year ended 31 December 2025 and 2024, the Group recognised an expected credit loss allowance for the land development cost recoverable balances. In determination of the expected credit loss allowance, management of the Company have considered the Group's credit risk exposure on the land development cost recoverable, the market yield of relevant government debt securities, the risk-free rate, probability of default, forward looking factor, loss given default and an appropriate risk premium.

The Group did not record any significant bad debt losses during the reporting period, except for the impairment loss on land development cost recoverable disclosed in note 23(b).

The credit risk of the Group's other financial assets, which mainly comprise pledged deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The Group does not hold any collateral over trade and other receivables as at 31 December 2025 (2024: nil).

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include implementing cost control measures, accelerating pre-sales and sales of properties, putting extra efforts on the collection of trade debtors to improve the debtors' turnover days, negotiating with lenders in respect of the Overdue Borrowings for a debt restructuring, and disposing of equity interests in certain project development companies with acceptable prices to the Group. The Group will, based on its assessment of the relevant costs and benefits, pursue such options as are appropriate. Further details are included in note 2.1.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on contractual undiscounted payments, is as follows:

31 December 2025

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	2,575,796	29,689	85,110	247,560	2,938,155
Trade and bills payables	884,872	—	—	—	884,872
Financial liabilities included in other payables and accruals	1,041,660	—	—	—	1,041,660
	4,502,328	29,689	85,110	247,560	4,864,687
Financial guarantees issued: Maximum amount guaranteed (note 36)	839,049	—	—	—	839,049

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

31 December 2024

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	2,711,243	19,575	82,279	34,500	2,847,597
Trade and bills payables	863,299	—	—	—	863,299
Financial liabilities included in other payables and accruals	832,103	—	—	—	832,103
	4,406,645	19,575	82,279	34,500	4,542,999
Financial guarantees issued:					
Maximum amount guaranteed (note 36)	988,476	—	—	—	988,476

The amounts included above for financial guarantee contracts are the maximum amounts that the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the directors do not consider it probable that a claim will be made against the Group under these guarantees.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure, which includes total equity, and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The Group monitors capital using a gearing ratio, which is total debt divided by total equity. Total debt includes interest-bearing bank and other borrowings. The gearing ratios as at the end of the reporting periods were as follows:

	2025 RMB'000	2024 RMB'000
Interest-bearing bank and other borrowings	2,617,696	2,730,496
Total debt	2,617,696	2,730,496
Total equity	953,310	1,228,018
Gearing ratio	274.59%	222.35%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

41. EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of the financial statements, the Group had no events after the reporting period that needs to be disclosed.

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Non-current asset		
Investment in a subsidiary	903	926
Current assets		
Due from a subsidiary	339,780	342,561
Cash and cash equivalents	21,759	24,513
Total current assets	361,539	367,074
Current liabilities		
Due to a director	3	3
Due to subsidiaries	14,871	14,941
Total current liabilities	14,874	14,944
Net current assets	346,665	352,130
Total assets less current liabilities	347,568	353,056
Net assets	347,568	353,056
Equity		
Share capital	4,855	4,855
Reserves (note)	342,713	348,201
Total equity	347,568	353,056

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

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

	Share premium account RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	344,141	19,591	(14,783)	348,949
Total comprehensive income for the year	—	—	(3,695)	(3,695)
Exchange differences on translation to presentation currency	—	2,947	—	2,947
At 31 December 2024 and 1 January 2025	344,141	22,538	(18,478)	348,201
Total comprehensive income for the year	—	—	(2,148)	(2,148)
Exchange differences on translation to presentation currency	—	(3,340)	—	(3,340)
At 31 December 2025	344,141	19,198	(20,626)	342,713

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2026.

FIVE YEAR FINANCIAL SUMMARY

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
REVENUE	152,898	1,198,596	300,374	1,195,880	1,568,596
Cost of sales	(216,162)	(1,080,523)	(342,483)	(836,120)	(1,110,951)
Gross (loss)/profit	(63,264)	118,073	(42,109)	359,760	457,645
Other income and gains	42,694	43,848	17,841	12,831	27,391
Selling and distribution expenses	(23,014)	(19,361)	(15,625)	(56,665)	(59,986)
Administrative expenses	(44,979)	(48,924)	(48,713)	(52,097)	(64,140)
Other expenses	(66,882)	(65,531)	(20,175)	(95,104)	(43,775)
Finance costs	(142,550)	(160,954)	(76,008)	(59,077)	(32,092)
Share of profits and losses of:					
Joint ventures	726	4,169	735	955	1,148
(LOSS)/PROFIT BEFORE TAX	(297,269)	(128,680)	(184,054)	110,603	286,191
Income tax credit/(expense)	25,640	(1,741)	38,301	(59,699)	(172,693)
(LOSS)/PROFIT FOR THE YEAR	(271,629)	(130,421)	(145,753)	50,904	113,498
Attributable to:					
Owners of the parent	(271,250)	(162,190)	(151,837)	10,444	78,723
Non-controlling interests	(379)	31,769	6,084	40,460	34,775
	(271,629)	(130,421)	(145,753)	50,904	113,498

FIVE YEAR FINANCIAL SUMMARY

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
TOTAL ASSETS	8,642,744	8,845,106	13,204,266	12,690,997	12,608,077
TOTAL LIABILITIES	(7,689,434)	(7,617,088)	(11,574,061)	(10,928,123)	(10,894,117)
NON-CONTROLLING INTERESTS	(160,850)	(157,956)	(240,077)	(233,993)	(193,533)
	792,460	1,070,062	1,390,128	1,528,881	1,520,427



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