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瑞安房地產
SHUI ON LAND

Shui On Land Limited

瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 272)

Announcement of 2025 Annual Results

HIGHLIGHTS

- **Resilience amidst a prolonged subdued market:** Despite ongoing challenges from geopolitical uncertainties, trade tensions and muted consumer confidence, the Group delivered core earnings of RMB397 million in 2025, after excluding fair value changes in investment properties and impairment provision which were non-cash in nature.
- **Sustained rental growth:** Total rental and related income (including joint ventures and associates) continued its growth trend for the third consecutive year amidst market volatility, rising 2% year-on-year to RMB3,625 million. The retail portfolio achieved robust momentum with double-digit growth of 15% and 12% in retail sales and shopper traffic respectively.
- **Prudent yet proactive capital management:** The Group's financial position remained healthy. As of 31 December 2025, the net gearing ratio was broadly stable at 52%, supported by cash and bank deposits of RMB6,451 million, while the proportion of foreign-currency funding declined significantly from 77% in 2021 to 19% at the end of 2025. Subsequent to the year-end, the Group successfully issued USD300 million senior notes and purchased USD295 million senior notes due 2026. Thus, as of 25 March 2026, a total of RMB48.6 billion of offshore debts (gross amount) has been repaid since 2021, demonstrating the Group's strong commitment to meeting its financial obligations.
- **Expansion of Asset-Light projects:** Leveraging the strength of our brand and the high quality of our operations, two new Asset-Light projects were formed in 2025 - Yong Xin Li, a high-end residential project within the Shanghai Xintiandi community, and Shanghai Sanlin, an urban village renewal project in the Pudong New Area of Shanghai. These additions expand the Asset-Light project pipeline to a total of four projects. The Group effectively owns 15% and 13.26% interests in the Yong Xin Li and Shanghai Sanlin projects respectively.
- **Global recognition for sustainability:** Our performance was once again validated by leading sustainability benchmarks. During the year, the Group attained GRESB 5 Star and HKQAA "AA" ratings, while maintaining its MSCI ESG "AA" rating and inclusion on the CDP's "A-List" in Climate. Our commitment was further recognised through the "Most Sustainable Organisations Awards" from the Hong Kong Institute of Certified Public Accountants. These accolades reaffirm our capability to deeply embed sustainability into the best-in-class, premium urban communities we build.

Website: www.shuionland.com

PERFORMANCE HIGHLIGHTS

	2025	2024	Year-on-Year Growth/ (Decline)
Total rental and related income (RMB'million)¹	3,625	3,547	2%
Contracted sales (RMB'million)	7,916	15,055	(47%)
Subscribed sales (RMB'million)	639	795	(20%)

Selected Financial Information (RMB'million)

Revenue	4,093	8,173	(50%)
Property sales recognised as revenue	499	4,356	(89%)
Rental and related income (excluding associates and joint ventures)	1,949	2,456	(21%) ²
Gross profit	2,115	5,228	(60%)
(Loss)/profit for the year	(1,733)	810	(314%)
(Loss)/profit attributable to shareholders of the Company	(1,782)	180	(11x)
Core earnings	397	450	(12%)

Selected Financial Ratios

Gross profit margin	52%	64%	(12ppt)
Net (loss)/profit margin	(42%)	10%	(52ppt)
(Loss)/earnings per share (basic), RMB cents	(22.2)	2.2	(11x)

	31 December 2025	31 December 2024	Changes
Selected Balance Sheet Data (RMB'million)			
Total assets	82,577	91,938	(10%)
Cash and bank deposits	6,451	7,734	(17%)
Total indebtedness	26,294	29,927	(12%)
Net debt	19,843	22,193	(11%)
Total equity	38,230	42,669	(10%)
Net gearing (Net debt-to-equity ratio)	52%	52%	-

Landbank (GFA, million sq.m.)

Total leasable and saleable landbank	5.4	5.8	(7%)
Attributable leasable and saleable landbank	3.4	3.7	(8%)

Notes:

¹ Including rental income from the Ruihong Xintiandi commercial partnership portfolio, 5 Corporate Avenue and Xintiandi Hubindao, Nanjing IFC, CPIC Xintiandi Commercial Centre, Hong Shou Fang, KIC Shanghai and Wuhan KIC Park, in which the Group has 49.5%, 44.55%, 50%, 25%, 35%, 46.33% and 50% effective interests, respectively.

² The decrease was mainly due to the restructuring of the ownership of KIC Shanghai as announced in November 2024. Rental income from KIC Shanghai of RMB435 million was reclassified to rental income from joint venture in 2025.

BUSINESS REVIEW

Shui On Land is a leading urban solutions provider, principally engaged in property development, property investment and management across China, anchored by a prime city centre portfolio in Shanghai. As a pioneer in developing and operating sustainable premium urban communities, the Group specialises in urban regeneration, cultural rejuvenation as well as the development and operation of communities that prioritise culture, social engagement and sustainability, providing different urban solutions to the cities in China.

Shui On Xintiandi (“SXTD”), a wholly-owned subsidiary of Shui On Land, is a leading investor and manager of premium commercial properties in China with the mission to build vibrant, inclusive and sustainable communities. With businesses spanning the top-tier cities across China including Shanghai, Wuhan, Chongqing, Foshan and Nanjing, it is one of the largest private commercial property managers in Shanghai. As of 31 December 2025, it managed a total portfolio of RMB79 billion in office and retail premises in Shanghai, including its flagship project Xintiandi Shikumen Block.

KEY ACHIEVEMENTS IN 2025

- The Group recorded property sales of RMB499 million in 2025. Including joint ventures and associates, property sales totalled RMB5,581 million. Contracted sales were RMB7,916 million, comprising residential property sales of RMB7,246 million and commercial property sales of RMB670 million. Total locked-in sales, including that of joint ventures and associates, was RMB17,231 million for delivery and to be recognised in the financial year 2026 and beyond.
- Our commercial property portfolio continued to deliver growth in recurrent rental income. Including properties held by joint ventures and associates, total rental and related income increased by 2% year-on-year to RMB3,625 million in 2025, of which 78% was contributed by our portfolio in Shanghai. This reflects the stable performance of our more mature assets and portfolio expansion following the opening of new projects in Shanghai and Wuhan. Retail sales and shopper traffic achieved high year-on-year growth of 15% and 12% respectively.
- In June 2025, the Group formed a new 30/70 joint venture with Tian An China Investments Company Limited to participate in the Yong Xin Li project in Shanghai. This joint venture succeeded in acquiring a 50% equity interest in a company owned by Shanghai Yongye Enterprise (Group) Co., Ltd which holds three residential and commercial land parcels to the east of Xintiandi Shikumen Block. This project will further strengthen our presence in the Greater Xintiandi Community.
- In June 2025, the Group entered into an agreement with Qingdao Ruijian Private Equity Investment Fund Partnership (Limited Partnership) (“the Fund”) to transfer its 100% interest in Fo Shan Shui On Property Development Co., Ltd. and Fo Shan An Ying Property Co., Ltd. (collectively, “Foshan Project Companies”) to the Fund. Following transaction completion in August 2025, the Group holds 57.63% of the partnership interests of the Fund. After deducting taxes and transaction costs, the total net proceeds from the transaction were approximately RMB683 million.
- In September 2025, KIC Park in Wuhan opened. The project comprises 48,000 square metres (“sq.m.”) retail GFA and generous green space. By integrating commercial space with nature and introducing “first-in-Wuhan/Optics Valley” stores, the project serves as the social and commercial centre of KIC Wuhan, strengthening its positioning as a destination for young professionals and innovators in Optics Valley.
- In November 2025, the Group entered into an agreement with Shanghai Lujiazui (Group) Co., Ltd., Shanghai Pudong New Area Real Estate (Group) Co., Ltd. and Shanghai Sanlin Asset Management (Group) Co., Ltd. for carrying out an urban village renewal project at Sanlin in the Pudong New Area of Shanghai, which has a planned gross floor area of approximately 724,000 sq.m., comprising both residential and commercial space. The Group holds a 13.26% effective interest in the project. The project will strengthen the Group’s urban renewal product line by establishing a new landmark in one of Shanghai’s most dynamic districts.
- In December 2025, Xintiandi Dongtaili at CPIC Xintiandi Commercial Centre in Shanghai opened. With a GFA of 84,000 sq.m., the open-air retail space enriches the Greater Xintiandi Community with vibrant new cultural and lifestyle offerings.
- With regards to sustainability, concrete progress has been made toward the Group’s 2030 decarbonisation goals, driven by a range of initiatives under the 5C Sustainability Strategy. These efforts have resulted in a 57% reduction in Scope 1 and 2 emissions intensity and a 32% reduction in Scope 3 tenant-related emissions intensity from our 2019 baseline. In parallel, climate resilience has been strengthened through the integration of adaptation measures across the project lifecycle.

PROPERTY SALES PERFORMANCE

Recognised Property Sales

For 2025, total recognised property sales were RMB5,581 million (after deduction of applicable taxes), compared to RMB7,962 million in 2024, reflecting a lower level of residential completion during the year. The average selling price (“ASP”) (excluding carpark) increased by 27% to RMB32,300 per sq.m. compared to 2024, as a higher proportion of sales was recorded from projects in Shanghai with higher ASPs.

The table below summarises by project the recognised property sales (stated after the deduction of applicable taxes) for 2025 and 2024:

Project	2025			2024		
	Sales revenue	GFA sold	ASP ¹	Sales revenue	GFA sold	ASP ¹
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.
Shanghai Xintiandi						
Lakeville Ville V (Lot 118)	338	2,100	175,700	28	200	155,000
Riverville	1,544	8,200	206,000	-	-	-
Ruihong Xintiandi						
Retail (Lot 1)	44	900	53,300	-	-	-
Retail (Lot 167A)	52	1,000	56,000	16	200	85,000
Retail (Lot 7)	-	-	-	106	2,200	52,300
Panlong Xintiandi						
Residential	-	-	-	46	600	83,300
Hotel	-	-	-	95	4,800	21,700
Wuhan Xintiandi						
Residential	14	300	50,000	4,100	70,500	63,900
Retail	-	-	-	34	700	54,300
KIC Wuhan						
Residential	545	37,400	15,900	244	13,700	19,000
Retail	85	6,400	14,400	1	100	13,300
Office	42	3,700	12,500	2,291	180,700	13,800
Wuhan Changjiang Tiandi						
Residential	1,996	74,700	29,100	-	-	-
Retail	13	300	46,700	-	-	-
Lingnan Xintiandi						
Retail	3	2,400	1,300	2	1,500	1,300
Chongqing Xintiandi						
Retail	60	11,400	5,500	-	-	-
Chongqing Tiandi³						
Residential ²	506	27,900	24,100	725	43,100	22,400
Office (Loft)	3	400	10,000	141	17,100	9,000
Subtotal	5,245	177,100	32,300	7,829	335,400	25,500
Carparks	336			133		
Grand Total	5,581	177,100	34,400	7,962	335,400	26,000
Recognised as:						
- Property sales in revenue of the Group	499			4,356		
- Disposal of investment properties	64			-		
- Revenue of associates	571			989		
- Revenue of joint ventures	4,447			2,617		
Grand Total	5,581			7,962		

Notes:

¹ The calculation of ASP per sq.m. is based on gross sales revenue before deducting applicable taxes.

² ASP of Chongqing residential sales is based on net floor area, a common market practice in the region.

³ Chongqing Tiandi partnership portfolio is a project developed by associates of the Group. The Group holds a 19.8% interest in the partnership portfolio.

⁴ Except for Riverville, Wuhan Changjiang Tiandi and Chongqing Tiandi partnership portfolio, the projects have been renamed and were previously known as Shanghai Taipingqiao, Ruihong Tiandi, Panlong Tiandi, Wuhan Tiandi, Wuhan Innovation Tiandi, Lingnan Tiandi and Chongqing Tiandi respectively.

Contracted Property Sales, Subscribed Sales, and Locked-in Sales

The Group's contracted property sales for 2025 decreased by 47% to RMB7,916 million compared to 2024, with residential property sales accounting for 92% and the remainder contributed by the sale of commercial units. The ASP for residential property sales was RMB64,600 per sq.m. in 2025, compared to RMB134,900 per sq.m. in 2024. The decreases in contracted property sales and in the ASP for residential property sales were primarily due to changes in project mix. In 2025, a lower proportion of contracted property sales was generated from higher ASP projects in Shanghai. We target more launches in 2026 and beyond, mainly in Shanghai and Wuhan (subject to construction progress and the timing of government pre-sale approval).

As of 31 December 2025:

- i) total subscribed sales were RMB639 million, with RMB299 million contributed by Riverville in Shanghai. These were subject to formal sales and purchase agreements in the coming months.
- ii) total locked-in sales of RMB17,231 million were recorded and available for delivery to customers and to be recognised in the Group's financial results in 2026 and beyond.

The table below provides an analysis by project of contracted sales (stated before the deduction of applicable taxes) for 2025 and 2024:

Project	2025			2024		
	Contracted amount RMB' million	GFA sold sq.m.	ASP RMB per sq.m.	Contracted amount RMB' million	GFA sold sq.m.	ASP RMB per sq.m.
Residential property sales:						
Shanghai Xintiandi						
Lakeville Ville V (Lot 118)	369	2,100	175,700	-	-	-
Lakeville VI (Lot 122)	3,545	11,400	311,000	11,979	57,000	210,200
Riverville	754	3,700	203,800	1,298	6,300	206,000
Panlong Xintiandi	-	-	-	50	600	83,300
Wuhan Xintiandi	886	24,700	35,900	190	3,600	52,800
KIC Wuhan	467	30,800	15,200	389	22,100	17,600
Wuhan Changjiang Tiandi	979	38,500	25,400	553	18,000	30,700
Chongqing Tiandi^{1, 2}	19	900	25,700	5	300	20,300
Carparks	227	-	-	89	-	-
Subtotal	7,246	112,100	64,600	14,553	107,900	134,900
Commercial property sales:						
Shanghai Xintiandi						
Lakeville VI (Lot 122)	338	1,800	187,800	-	-	-
Ruihong Xintiandi						
Retail (Lot 1) ³	48	900	53,300	-	-	-
Retail (Lot 167A) ⁴	56	1,000	56,000	116	2,200	52,700
Retail (Lot 7)	-	-	-	17	200	85,000
Panlong Xintiandi						
Hotel	-	-	-	101	4,800	21,000
KIC Wuhan	8	900	8,900	132	9,500	13,900
Wuhan Changjiang Tiandi	-	-	-	14	300	46,700
Chongqing Xintiandi						
Retail	63	11,400	5,500	-	-	-
Chongqing Tiandi¹						
Office (Loft)	-	-	-	115	15,800	7,300
Lingnan Xintiandi	3	2,400	1,300	2	1,500	1,300
Carparks	154	-	-	5	-	-
Subtotal	670	18,400	36,400	502	34,300	14,700
Grand Total	7,916	130,500	60,700	15,055	142,200	105,900

Notes:

- ¹ Chongqing Tiandi partnership portfolio is a project developed by associates of the Group. The Group holds a 19.8% interest in the partnership portfolio.
- ² ASP of Chongqing residential sales is based on net floor area, a common market practice in the region.
- ³ The Group holds 49.5% of the property.
- ⁴ The Group holds 80% of the property.

Residential GFA Available for Sale and Pre-sale in 2026

The Group has approximately 133,700 sq.m. of residential gross floor area (“GFA”) spanning six projects available for sale and pre-sale in 2026, as summarised below:

Project	Product	GFA in sq.m.	Available for sale and pre-sale in 2026	
			Group’s interests	Attributable GFA in sq.m.
Lakeville VI (Lot 122)	Townhouses	4,100	50%	2,100
Riverville	Townhouses	11,400	60%	6,800
Nanqiao Tiandi ¹	High-rises	13,000	5%	700
Wuhan Xintiandi	High-rises	14,300	100%	14,300
KIC Wuhan	High-rises	32,900	50%	16,500
Wuhan Changjiang Tiandi	High-rises	58,000	50%	29,000
Total		133,700		69,400

By way of a cautionary note, the actual market launch dates depend on, and will be affected by, factors such as construction progress, changes in the market environment and government regulations.

Note:

¹ Previously known as Shanghai Beigang Urban Village.

PROPERTY DEVELOPMENT

Residential Development Saleable Resources as of 31 December 2025

Project	Approximate	Estimated Gross	The Group’s	Estimated
	Saleable Residential			
	GFA			
	sq.m.	RMB’ billion		RMB’ billion
Lakeville VI (Lot 122)	12,300	4.3	50%	2.2
Riverville	11,400	2.3	60%	1.4
Nanqiao Tiandi	65,300	2.7	5%	0.1
Shanghai Sub-total	89,000	9.3		3.7
Wuhan Xintiandi	14,300	0.5	100%	0.5
Wuhan Changjiang Tiandi ²	678,600	24.9	50%	12.4
KIC Wuhan	98,000	1.5	50%	0.7
Other Cities Sub-total	790,900	26.9		13.6
Grand Total	879,900	36.2		17.3

Notes:

¹ This table represents saleable resources not yet recorded as contracted sales as of 31 December 2025.

² Figures are preliminary estimates subject to further revision of the project plan.

Residential Properties under Development

Shanghai Xintiandi - Lakeville VI (Lot 122) was acquired in June 2021 with a total GFA of 87,000 sq.m. (including 6,000 sq.m. GFA of underground space) for residential use and a GFA of 17,000 sq.m. (including 2,400 sq.m. GFA of underground space) for retail. In September 2024, the Group successfully launched the first phase. A total of 108 units, representing a total GFA of 57,000 sq.m., was fully subscribed on the launch day. In 2025, the Group successfully launched the pre-sale of villas and townhouses with a GFA of 13,200 sq.m.. The newly introduced collection of heritage-inspired villas drew strong interest from high-net-worth buyers. All villas and townhouses with pre-sale permits have been contracted. The remaining units are ready for sales contract signing upon obtaining the required pre-sale permits. The Group holds a 50% interest in the development.

Riverville - The site was acquired in December 2022 with a total GFA of 30,000 sq.m. (including 8,500 sq.m. GFA of underground space) for residential use. This heritage preservation and development project involves the creation of a high-end, low-density residential community comprising 90 units, with unit sizes ranging from 160 to 410 sq.m.. Pre-sales for this project commenced in 2H 2024. As of 31 December 2025, a total aboveground GFA of 10,100 sq.m. has been contracted, of which an aboveground GFA of 8,200 sq.m., involving 36 units, has been delivered to buyers. The Group holds a 60% interest in the development.

Wuhan Xintiandi - La Riva III (Lot B12) with a total GFA of 71,000 sq.m. for residential and 1,000 sq.m. for retail was launched in May 2023. The pre-sale price was the highest ever achieved in Wuhan. As of 31 December 2025, all the units have been delivered. The final phase, LaValle (Lot B2) with a total residential GFA of 38,600 sq.m., was launched in November 2025 and achieved remarkable sales despite the market downturn. As of 31 December 2025, over 70% of the units with a GFA of 28,200 sq.m. have been subscribed.

KIC Wuhan - The site was acquired in 2017. The construction for Lots R7 and R8, with a total GFA of 73,000 sq.m., commenced in November 2021. Despite the challenging market, by using a variety of strategies, the project team was able to rank top for sales of high-end products (above 180 sq.m.) in the centre of Optics Valley. As of 31 December 2025, a total GFA of 72,400 sq.m., involving 372 units, has been contracted, of which a GFA of 68,300 sq.m. has been delivered to buyers. Lot R2, with a total GFA of 32,500 sq.m., is planned to be launched in the second half of 2026. The Group holds a 50% interest in the development.

Wuhan Changjiang Tiandi - The site was originally acquired in December 2021. Following a revision to the masterplan, the site has an estimated GFA of 755,000 sq.m. for residential use. Lot B4, with a total residential GFA of 135,000 sq.m., started pre-sale in September 2023. As of 31 December 2025, a total GFA of 77,000 sq.m., involving 522 units, has been contracted, of which a GFA of 74,700 sq.m. has been delivered to buyers. The Group holds a 50% interest in the development.

Commercial Properties under Development and for Future Development as of 31 December 2025

Project	Office GFA	Retail GFA	Total GFA	The Group's interests	Attributable GFA
	sq.m.	sq.m.	sq.m.		sq.m.
Lakeville VI (Lot 122)	-	17,000	17,000	50%	8,500
Shanghai Sub-total	-	17,000	17,000		8,500
Wuhan Xintiandi	70,000	3,000	73,000	100%	73,000
KIC Wuhan	187,000	281,000	468,000	50%	234,000
Wuhan Changjiang Tiandi	-	125,000	125,000	50%	62,500
Lingnan Xintiandi	450,000	107,000+80,000 ¹	637,000	100%	637,000
Chongqing Tiandi	228,000	65,000+25,000 ¹	318,000	19.80%	63,000
Other Cities Sub-total	935,000	686,000	1,621,000		1,069,500
Grand Total	935,000	703,000	1,638,000		1,078,000

Note:

¹ Hotel use.

LANDBANK

As of 31 December 2025, the Group's landbank was 7.2 million sq.m. (comprising 5.4 million sq.m. of leasable and saleable area and 1.8 million sq.m. for clubhouses, car parking spaces and other facilities) spanning 16 development projects located in the prime areas of five major cities in China, namely Shanghai, Nanjing, Wuhan, Foshan and Chongqing. The leasable and saleable GFA attributable to the Group was 3.4 million sq.m.. Of the total leasable and saleable GFA of 5.4 million sq.m., approximately 2.8 million sq.m. was completed and held for sale and/or investment, approximately 0.6 million sq.m. was under development and the remaining 2.0 million sq.m. was held for future development.

The Group's total landbank as of 31 December 2025, including that of its joint ventures and associates, is summarised below:

Project	Approximate/Estimated leasable and saleable GFA				Subtotal sq.m.	Clubhouse, carpark, and other facilities sq.m.	Total sq.m.
	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartments sq.m.			
Completed properties:							
Shanghai Xintiandi ¹	-	279,000	215,000	-	494,000	197,000	691,000
Ruihong Xintiandi ²	-	145,000	296,000	-	441,000	264,000	705,000
KIC Shanghai ³	-	164,000	67,000	22,000	253,000	142,000	395,000
Hongqiao Xintiandi ⁸	-	90,000	173,000	-	263,000	72,000	335,000
Panlong Xintiandi	-	-	42,000	-	42,000	76,000	118,000
Riverville	18,000	-	-	-	18,000	22,000	40,000
Hong Shou Fang	-	48,000	14,000	-	62,000	21,000	83,000
Inno KIC	-	41,000	4,000	-	45,000	18,000	63,000
Wuhan Xintiandi	-	165,000	238,000	-	403,000	283,000	686,000
KIC Wuhan	4,000	94,000	57,000	-	155,000	205,000	360,000
Wuhan Changjiang Tiandi	60,000	-	-	-	60,000	54,000	114,000
Lingnan Xintiandi	-	16,000	157,000	43,000	216,000	55,000	271,000
Chongqing Xintiandi ⁴	-	-	117,000	-	117,000	137,000	254,000
Chongqing Tiandi ⁵	-	8,000	98,000	-	106,000	112,000	218,000
Nanjing IFC	-	72,000	28,000	-	100,000	18,000	118,000
Subtotal	82,000	1,122,000	1,506,000	65,000	2,775,000	1,676,000	4,451,000
Properties under development:							
Shanghai Xintiandi ⁶	87,000	-	17,000	-	104,000	60,000	164,000
Nanqiao Tiandi ⁷	65,000	-	-	-	65,000	28,000	93,000
Wuhan Xintiandi	39,000	-	-	-	39,000	16,000	55,000
KIC Wuhan	32,000	-	-	-	32,000	17,000	49,000
Wuhan Changjiang Tiandi	87,000	-	-	-	87,000	-	87,000
Chongqing Tiandi ⁵	-	228,000	-	25,000	253,000	17,000	270,000
Subtotal	310,000	228,000	17,000	25,000	580,000	138,000	718,000
Properties for future development:							
Wuhan Xintiandi	-	70,000	3,000	-	73,000	-	73,000
KIC Wuhan	65,000	187,000	281,000	-	533,000	-	533,000
Wuhan Changjiang Tiandi	534,000	-	125,000	-	659,000	-	659,000
Lingnan Xintiandi	28,000	450,000	107,000	80,000	665,000	-	665,000
Chongqing Tiandi ⁵	-	-	65,000	-	65,000	-	65,000
Subtotal	627,000	707,000	581,000	80,000	1,995,000	-	1,995,000
Total landbank GFA	1,019,000	2,057,000	2,104,000	170,000	5,350,000	1,814,000	7,164,000

Notes:

¹ The Group has 99.00% interests in all the remaining lots, except for Xintiandi Shikumen Block, Shui On Plaza including Xintiandi Plaza, 15th floor of Shui On Plaza, 5 Corporate Avenue and Xintiandi Hubindao, CPIC Xintiandi Commercial Centre and Lot 116, in which the Group has effective interests of 100.00%, 80.00%, 100.00%, 44.55%, 25.00%, and 98.00%, respectively.

² The Group has 99.00% effective interests in all the remaining lots, except for The Palette, Hall of the Stars, Hall of the Moon, Parkview, Hall of the Sun and Ruihong Corporate Avenue, in which the Group has effective interests of 49.50% and Lot 167A, in which the Group has an effective interest of 80.00%.

³ In November 2024, the Group entered into a cooperation agreement with the existing shareholders of KIC Shanghai to restructure its investment holding structure through the formation of a limited partnership and an equity transfer. The equity transfer was completed in December 2024 and KIC Shanghai ceased to be subsidiaries of the Company accordingly.

⁴ The Group has effective interests of 99.00%.

⁵ The Group has effective interests of 19.80%.

⁶ The Group has a 50.00% interest in Lot 122.

⁷ The Group has a 5.00% interest in the project.

⁸ Previously known as The Hub.

INVESTMENT PROPERTIES

Valuation of Investment Properties

As of 31 December 2025, the carrying value of the Group's investment properties at valuation (excluding hotels for operation and self-use properties), as valued by independent valuer, was RMB97,702 million with a total GFA of 2,671,000 sq.m.. The properties, located in Shanghai, Wuhan, Foshan, Nanjing and Chongqing contributed, respectively, 80%, 10%, 6%, 3% and 1% of the carrying value. The Group recorded a decrease of RMB2,013 million in the fair value of the investment properties (including those held by joint ventures and associates) in 2025, representing 2.1% of the total carrying value as of 31 December 2025. The decrease reflected prevailing market conditions, particularly in the subdued office market, which experienced a decline in rental reversions caused by oversupply and downward pressure on market rents.

The table below summarises the carrying value of the Group's investment properties at valuation as of 31 December 2025, together with the change in fair value for 2025:

Project	Leasable GFA sq.m.	Increase /(decrease) in fair value for 2025 RMB'million	Carrying value as of 31 December 2025 RMB'million	Fair value gain/(loss) to carrying value %	Attributable carrying value to the Group RMB'million
Completed investment properties at valuation					
Shanghai Xintiandi²					
Xintiandi Shikumen Block and Xintiandi Style ²	80,000	21	8,380	0.3%	8,361
Shui On Plaza and Xintiandi Plaza	53,000	(38)	3,923	(1.0%)	3,178
5 Corporate Avenue, Xintiandi Hubindao ²	79,000	(319)	6,345	(5.0%)	2,827
CPIC Xintiandi Commercial Centre	275,000	(453)	21,400	(2.1%)	5,350
Ruihong Xintiandi	441,000	(358)	15,077	(2.4%)	7,463
Hongqiao Xintiandi	263,000	(180)	8,612	(2.1%)	8,612
KIC Shanghai	253,000	(118)	8,569	(1.4%)	3,970
Inno KIC	45,000	(32)	1,440	(2.2%)	1,440
Panlong Xintiandi	42,000	186	1,575	11.8%	1,260
Hong Shou Fang	62,000	18	2,694	0.7%	943
Wuhan Xintiandi	401,000	(433)	8,633	(5.0%)	8,633
Lingnan Xintiandi	158,000	(42)	4,374	(1.0%)	4,374
Chongqing Xintiandi	117,000	(35)	1,385	(2.5%)	1,371
Nanjing IFC	100,000	(140)	2,740	(5.1%)	1,370
Wuhan KIC Park	48,000	-	795	n/a	398
Subtotal	2,417,000¹	(1,923)	95,942	(2.0%)	59,550
Investment properties under development at valuation					
Foshan Lot A	254,000	(90)	1,760	(5.1%)	1,760
Subtotal	254,000	(90)	1,760	(5.1%)	1,760
Grand Total	2,671,000	(2,013)	97,702	(2.1%)	61,310
Grand Total (excluding associates and joint ventures)	1,413,000	(643)	40,082	(1.6%)	38,989

Notes:
¹ Self-use properties (total GFA 11,000 sq.m. with carrying value of RMB631 million) are classified as property and equipment in the consolidated statement of financial position, and the respective leasable GFA and carrying value are excluded from this table.
² Previously known as Shanghai Taipingqiao Community, Shanghai Xintiandi and Xintiandi Style II and 5 Corporate Avenue, Hubindao respectively.

SXTD: The Group's Flagship Commercial Business Unit

SXTD invests in and manages premium commercial properties in China. With over two decades of experience in investing and operating in China, we have built landmark communities over the years including our flagship project Xintiandi Shikumen Block. With high quality services and constant innovation, we aim to build landmark communities that combine culture, heritage and lifestyle.

Commercial Properties Portfolio

Our retail portfolio remained stable with an average occupancy of 94% as of 31 December 2025, demonstrating the strength of Xintiandi Communities. In 2025, overall sales in our portfolio increased by 15%, and shopper traffic rose by 12%. Rental reversion was negative, given the impact of changing consumption patterns in the retail market.

The office market has remained under pressure owing to persistent supply-demand imbalances, with uncertainty weighing on business sentiment. Despite the subdued office market, occupancy of our mature Shanghai office portfolio remained stable, achieving an average occupancy rate of 93% as of 31 December 2025 and outperforming the overall Grade A office occupancy rate of 75.7% in Shanghai reported by Jones Lang LaSalle ("JLL"). This resilience is underpinned by the high quality of our assets and services, prime locations of our properties and strong tenant relationships. Rental reversion remained negative as of 31 December 2025 amidst intense competition.

Rental and related income for the Group fell by 21% to RMB1,949 million in 2025 compared to RMB2,456 million in 2024. The drop was mainly due to the restructuring of KIC Shanghai as announced in November 2024, resulting in the reclassification of rental income of RMB435 million to rental income from joint venture in 2025.

Including the rental and related income from joint venture and associate properties, the total rental and related income grew 2% year-on-year to RMB3,625 million in 2025, of which 78% of the total was contributed by the portfolio located in Shanghai, with the remainder from other cities in China.

Rental and related income	2025	2024	Change
	RMB'million	RMB'million	
Shanghai	2,826	2,741	3%
Other cities	799	806	(1%)
Total	3,625	3,547	2%

The table below summarises the occupancy rate of the Group's investment properties:

Project	Product	Leasable GFA sq.m.	Occupancy rate 31 December 2025
Shanghai Xintiandi			
Xintiandi Shikumen Block	Office/ Retail	54,000	99%
Xintiandi Style	Retail	26,000	96%
Shui On Plaza and Xintiandi Plaza	Office / Retail	53,000	97%
5 Corporate Avenue, Xintiandi Hubindao	Office / Retail	79,000	96%
CPIC Xintiandi Commercial Centre	Office / Retail	275,000	57%
Ruihong Xintiandi	Office / Retail	441,000	86%
Hongqiao Xintiandi	Office/ Retail	263,000	91%
KIC Shanghai	Office/ Retail	253,000	93%
Inno KIC	Office/ Retail	45,000	93%
Panlong Xintiandi	Retail	42,000	97%
Hong Shou Fang	Office/ Retail	62,000	91%
Wuhan Xintiandi	Office/ Retail	401,000	76%
Lingnan Xintiandi	Office/ Retail	158,000	97%
Chongqing Xintiandi	Retail	117,000	97%
Nanjing IFC	Office/Retail	100,000	87%
Wuhan KIC Park	Retail	48,000	90%
Grand Total		2,417,000¹	

Note:
¹ A total GFA of 11,000 sq.m. located at Shanghai Shui On Plaza, Wuhan Xintiandi and Lingnan Xintiandi was occupied by the Group and was excluded from the above table.

Real Estate Asset Management

To complement our Asset-Light strategy, we also work as a trusted partner to other asset owners and provide real estate asset management services for commercial projects. The real estate asset management services include but are not limited to feasibility studies, tenancy positioning, leasing, marketing and branding, as well as account and finance management. As of 31 December 2025, our asset management projects include 5 Corporate Avenue, Xintiandi Hubindao, Nanjing IFC, commercial properties in Ruihong Xintiandi, CPIC Xintiandi Commercial Centre, Hong Shou Fang, KIC Shanghai and Wuhan KIC Park. The total valuation of these projects amounted to RMB57.6 billion as of 31 December 2025, with a total GFA of 1,258,000 sq.m.. We will continue to extend our services and look for more opportunities to work with other organisations, utilising our experience and knowledge to build sustainable premium communities.

Our Projects and Latest Updates

Shanghai Xintiandi:

Shanghai Xintiandi is a large-scale, flagship community project in the heart of Shanghai. It was developed to preserve the region's historical architecture while transforming the area to meet urban development needs. Located in Huangpu District, the project is connected by Shanghai Metro Lines 1, 8, 10, 13 and 14, fronting the popular Huaihai Middle Road business district. The Group began the multi-phase development of Shanghai Xintiandi in 1996, comprising various commercial, office and residential plots, including Xintiandi Shikumen Block, Xintiandi Style, Shui On Plaza, Xintiandi Plaza, 5 Corporate Avenue, Xintiandi Hubindao and CPIC Xintiandi Commercial Centre. Our flagship project, Xintiandi Shikumen Block, is at the heart of the Shanghai Xintiandi. Featuring the preservation of cultural heritage, Xintiandi Shikumen Block has been successfully established as an iconic landmark that offers a carefully blended experience of old Shanghai culture and modern lifestyles that has made the community a premier lifestyle destination for both residents of Shanghai and visitors. Not only does Xintiandi Shikumen Block continue to attract consumers and new tenants from across the world, it also serves as a popular venue for hosting international festivals and local events, such as Shanghai Fashion Week and the XINTIANDI Performing Arts Festival.

The CPIC Xintiandi Commercial Centre is a commercial complex with three towers of premium Grade A office buildings and a street style all-weather shopping and leisure/entertainment area. The project includes three lots, namely Lot 123, Lot 124 and Lot 132, with a total GFA of 275,000 sq.m.. Lot 132 (CPIC Life Tower), with a total GFA of 30,000 sq.m. of office, was completed and handed over to CPIC in 2023. Lot 123 (Tower 2) and Lot 124 (Tower 1) were completed in 2024. Xintiandi Dongtaili, the retail podium of Lot 123 and Lot 124, officially opened for operations in December 2025. This innovative space redefines urban living with 84,000 sq.m. of open-air shops, offering a rich mix of dining, art, and lifestyle experiences. By celebrating local culture and hosting cultural events, Xintiandi Dongtaili aims to revive the city's vibrancy and become a lively urban hub. Benefitting from the opening of Xintiandi Dongtaili, rental and related income at Shanghai Xintiandi achieved strong growth of 14% for the year.

Hongqiao Xintiandi:

Located in the heart of the Hongqiao central business district ("CBD"), Hongqiao Xintiandi is the only commercial complex that is directly connected to the Hongqiao Transportation Hub, offering convenient access to major transportation nodes such as the Shanghai High-Speed Rail Terminal, Shanghai Hongqiao International Airport, five underground metro lines, the long-haul bus station and the future maglev terminal. Hongqiao Xintiandi features four office towers, a Xintiandi commercial zone, a shopping facility and a performance and exhibition centre. Rental and related income reduced by 18% in 2025 reflecting a decline in the rental reversion of the office portfolio, caused by oversupply and downward pressure on market rents. Strategically located in Hongqiao CBD, the gateway to the Yangtze River Delta region, Hongqiao Xintiandi has attracted regional headquarters and branch offices of leading companies from various industries, including Fortune 500 companies.

Ruihong Xintiandi:

Ruihong Xintiandi is a mixed-use, large-scale masterplan community project covering retail, office, entertainment, cultural and residential space. The property is located in the Hongkou district of Shanghai, in close proximity to several leading universities and the CBD. It enjoys excellent connectivity to Lujiazui CBD and Pudong commercial district via four metro lines (Metro Lines 4, 8, 10 and 12) and two tunnels, Xinjian Road Tunnel and Dalian Road Tunnel. Ruihong Xintiandi comprises various commercial and office properties, including the Hall of the Moon, the Hall of the Stars, The Palette, the Hall of the Sun and Ruihong Corporate Avenue. Ruihong Xintiandi is being revitalised to become a fashionable urban living destination. Rental and related income increased by 3% in 2025.

Panlong Xintiandi:

Panlong Xintiandi comprises residential sites, culture and recreation areas, restaurant and hotel development, as well as greenery and open space for the public. The project is located in Shanghai's Qingpu District, part of the Hongqiao CBD. It is next to Panlong Station on Shanghai Metro Line 17 and just two train stops or 3 km away from the Hongqiao Transportation Hub. The retail facilities were opened at the end of April 2023, and it is one of Shanghai's most successful urban village transformations. Panlong Xintiandi has become a new cultural landmark for the Yangtze River Delta area and a new destination combining cultural heritage, modern lifestyle and community engagement. The project has welcomed over 52 million visitors since opening. Rental and related income rose by 7% in 2025. Panlong Xintiandi has been widely recognised with multiple industry accolades. In 2025, it was named a national-level tourism and leisure block by the Ministry of Culture and Tourism.

KIC Shanghai:

KIC Shanghai is a mixed-use technology innovation and knowledge community strategically located in Wujiaochang in Yangpu District, in the immediate vicinity of major universities and colleges, including Fudan University, Shanghai University of Finance and Economics and Tongji University. The project combines office space with research and development, education, training, investment and incubator services, tailored to the needs of tenants in knowledge-based industries. In addition to office space and services, KIC comprises retail and mixed-use areas, including University Avenue and the KIC Village Zone, which offer the community a wide selection of gourmet cuisine, coffee shops, bookstores, galleries and creative retail stores. Through the KIC project, we have facilitated the transformation of the Yangpu District from an industrial and manufacturing area into a community for knowledge and innovation. The KIC project has thus been regarded as a landmark of innovation and entrepreneurship in Shanghai. In November 2024, the Group entered into a cooperation agreement with the existing shareholders of the KIC Shanghai to restructure its investment holding structure through the formation of a limited partnership and an equity transfer. The equity transfer was completed in December 2024 and KIC Shanghai ceased to be subsidiaries of the Company accordingly. In 2025, rental and related income at KIC Shanghai was 9% lower than in 2024, partly due to a decline in the rental reversion of the office portfolio amidst a subdued market.

Inno KIC:

Located adjacent to KIC Shanghai in the Xinjiangwan CBD of Yangpu District, Inno KIC is one of the first projects created by SHUI ON WORKX, our multiform office solution aiming to provide a complete life-cycle workspace solution for start-ups as well as small-to-medium and large enterprises. The complex introduces a new business social platform that integrates work, entrepreneurship, learning and leisure, with the aim of delivering flexible business solutions and providing a diversified working ecosystem that promotes the growth and development of enterprises. Rental and related income declined by 8% in 2025.

Hong Shou Fang:

The Hong Shou Fang project is an urban regeneration project located at the gateway of Changshou Road, the most popular commercial street in Shanghai's Putuo District. The site is only 2 km from Nanjing West Road, one of the most prominent CBDs in Shanghai, and is directly linked to Changshou Road Station, the interchange station of Metro Lines 7 and 13. The project encompasses a commercial complex with 48,000 sq.m. GFA of Grade A office and 14,000 sq.m. of entertainment, restaurants and retail area achieved through the restoration of the existing historic buildings. The project was opened at the end of September 2023. The project company has become a joint venture project after the completion of the disposal of 65% equity interest in January 2024.

Since its opening, Hong Shou Fang has become a local landmark as our signature project in the centre of the neighbourhood. Shopper traffic has remained high and it marks a significant milestone in our neighbourhood community product line-up. Rental and related income achieved strong growth of 49% in 2025, supported by a higher occupancy rate in the office portfolio.

Wuhan Xintiandi:

Wuhan Xintiandi is a large-scale, mixed-use community project comprising office, retail, food and beverage and entertainment facilities. It sits in the city centre of Hankou District, occupying a prime location on the Yangtze River waterfront and providing unparalleled views of the Yangtze River and the scenic Jiangtan Park.

With a tenant mix and the food and beverage offerings that focus on young premium customers, Wuhan Xintiandi has become a retail and social destination in Wuhan that offers lifestyle experiences to this clientele.

The project also includes 1 Corporate Avenue, a high-rise Grade A office building spanning 73 stories completed in September 2021. Rental and related income at Wuhan Xintiandi was slightly lower by 1% in 2025, compared to the previous year.

Wuhan KIC Park:

Located within KIC Wuhan and directly connected to Metro Line 11, KIC Park is the first commercial park located in a knowledge community in Wuhan with a total retail GFA of 48,000 sq.m.. Set within generous green space, KIC Park integrates commercial space with nature and features a brand mix that targets young professionals and innovators in Optics Valley, strengthening the positioning of KIC Wuhan as a social and entertainment destination in the area. KIC Park was opened in September 2025.

Lingnan Xintiandi:

Lingnan Xintiandi is a large-scale, integrated urban retreat community comprising retail, office, hotel, cultural facilities and residential complexes. Strategically located in the old town centre of the central Chancheng District, the project enjoys good connectivity, being the location of two stations on the Guangzhou-Foshan metro line. The project preserves traditional Lingnan-style architecture, while blending cosmopolitan elements and modern facilities into a lifestyle destination, offering the city's residents and tourists a wide selection of dining, retail, leisure and cultural experiences. Rental and related income remained steady between 2024 and 2025.

Chongqing Xintiandi:

Chongqing Xintiandi is situated on the south bank of the Jialing River in the Yuzhong District of Chongqing, one of the most populous cities in the world and the leading industrial and commercial hub of southwest China. It has a unique landscape and creates a commercial and residential community around a man-made lake within the surrounding hillsides.

The project recorded 97% occupancy as of 31 December 2025, following a repositioning targeting a young premium clientele in 2024. It offers a wide range of retail, food and beverages as well as entertainment facilities to office tenants and residents in the neighbourhood.

Nanjing IFC:

Nanjing IFC is a mixed-use Grade A landmark property in Nanjing. It is predominantly an office building occupied by a diverse mix of high-quality tenants, including MetLife and KFC. In 2025, the project recorded the highest office occupancy rate and the largest newly leased area in the Xinjiekou Central Business District. Rental and related income was slightly lower by 1% in 2025, compared to the previous year.

STRATEGY GOING FORWARD

Since 2016, the Group has pursued an Asset-Light strategy to propel its growth in a more effective and productive way. Under this approach, the Group has been progressively introducing financial investors for our mature commercial assets to strategically recycle capital, and undertakes new development projects through partnerships in which we hold a minority stake, while providing professional management services for the development, sales and marketing, asset management and operations of the projects. Through this strategy, the Group can fully leverage and capitalise on its brand and expertise in project development and asset management to expand the business amidst a highly volatile market, while creating new revenue streams from various management fee income sources.

The latest such partnership was formed in November 2025, with Shanghai Lujiazui (Group) Co., Ltd., Shanghai Pudong New Area Real Estate (Group) Co., Ltd. and Shanghai Sanlin Asset Management (Group) Co., Ltd. for carrying out an urban village renewal project at Sanlin in the Pudong New Area of Shanghai. which has a planned gross floor area of approximately 724,000 sq.m., comprising both residential and commercial space. The project will strengthen the Group's urban renewal product line by establishing a new landmark in one of Shanghai's most dynamic districts. The Group holds a 13.26% effective interest in the project. The table below summarises the Asset-Light projects the Group has participated in as of 31 December 2025:

Project	Product	Estimated residential GFA sq.m.	Estimated commercial GFA sq.m.	Estimated project period	The Group's interests
Shanghai Yong Nian Li	Mixed-use development	105,000	50,000	2025 - 2032	-
Nanqiao Tiandi	Mixed-use development	326,000	95,000	2025 - 2031	5%
Shanghai Yong Xin Li	Mixed-use development	156,000	55,000	2025 - 2031	15%
Shanghai Sanlin	Mixed-use development	633,000	91,000	2026 - 2035	13.26%
Grand total		1,220,000	291,000		

Shanghai Yong Nian Li:

Yong Nian Li is an urban renewal project located in the heart of Shanghai's Huangpu District. Comprising three plots, the development will feature super high-rise and high-rise residences, heritage-inspired villas and a lane-style retail area and benefit from its location within the Greater Xintiandi Community. The project encompasses approximately 105,000 sq.m. of residential GFA and 50,000 sq.m. of commercial GFA. Completion is expected in 2032. The project is jointly developed by Shanghai Yongye Enterprise (Group) Co., Ltd, holding a 98% interest, and China Overseas Group, holding a 2% interest. Entrusted by our partners, the Group will provide full-cycle professional management services spanning strategic positioning, development management, marketing and sales, asset management and operations.

Nanqiao Tiandi:

In collaboration with the Shanghai Fengxian District Government, Nanqiao Tiandi is an urban village renovation project located in the heart of the old Nanqiao town in the Fengxian District. The project aims to support Fengxian's vision to become an innovation and service hub in southern Shanghai. Comprising a total planned GFA of approximately 421,000 sq.m., including around 326,000 sq.m. of residential GFA and 95,000 sq.m. of commercial and ancillary facilities, the project is scheduled for phased development, currently expected to run through to 2031. In August 2024, the Group secured a 5% interest in the project and has been entrusted to provide full-cycle development and asset management services.

In April 2025, the project company acquired the first residential lot with a GFA of 44,000 sq.m.. Construction work is in progress. Pre-sale is expected in 2026.

Shanghai Yong Xin Li:

The project is a mixed-use urban regeneration project located to the east of Xintiandi Shikumen Block in Shanghai's Huangpu District. It will offer premium residences under the "Lakeville" brand and commercial space operated under the "Xintiandi" brand, strengthening the Group's presence within the Greater Xintiandi Community. The project comprises a total planned GFA of approximately 211,000 sq.m., including 156,000 sq.m. of residential GFA and 55,000 sq.m. of commercial GFA. The overall development period is estimated to span from 2025 to 2031. In June 2025, the Group formed a new 30/70 joint venture with Tian An China Investments Company Limited to participate in the project. The capital commitment in relation to this joint venture to be borne by the Group is expected to be no more than RMB1,047 million. This joint venture succeeded in acquiring a 50% equity interest in a company owned by Shanghai Yongye Enterprise (Group) Co., Ltd. which holds three land parcels for the project. The Group holds a 15% effective interest in the project.

Shanghai Sanlin:

Shanghai Sanlin is an urban village renewal project located at Sanlin in the Pudong New Area of Shanghai, enjoying proximity to the Qiantan central business district and the Sanlin Riverside. The project will expand the Group's urban renewal product line in one of Shanghai's most dynamic districts. There is a high proportion of mid to high income young people and families working in nearby high-tech industry parks and Qiantan central business district, which the Group expects there will be a strong demand for mid-high end residential products within this region. The project has a planned GFA of approximately 724,000 sq.m., comprising 633,000 sq.m. of residential GFA and 91,000 sq.m. of commercial GFA. The overall development period is estimated to span from 2026 to 2035. In November 2025, the Group entered into an agreement with Shanghai Lujiazui (Group) Co., Ltd., Shanghai Pudong New Area Real Estate (Group) Co., Ltd. and Shanghai Sanlin Asset Management (Group) Co., Ltd. for carrying out the project. The Group's effective funding commitment for the project amounts to approximately RMB1,215 million. The Group holds a 13.26% effective interest in the project.

Looking ahead, we will continue to drive business expansion through our Asset-Light strategy in a prudent and disciplined manner, focusing on investment and urban regeneration opportunities in top-tier cities in the Yangtze River Delta and Greater Bay, with Shanghai remaining our strongest foothold. In the near term, the Group's top priority remains maintaining liquidity and ensuring financial stability. Our long-term goal is to become the "best in class" leader in selective markets and in the various products we create, delivering a balanced strategy between property development and asset management and driving sustainable growth in profitability.

FINANCIAL REVIEW

The Group's **revenue** for 2025 decreased by 50% to RMB4,093 million, compared to RMB8,173 million in 2024, due mainly to a decline in property sales.

Property sales for 2025 were sales of residential and carpark inventories across various projects, totalling RMB499 million (2024: RMB4,356 million). No new residential project was completed in 2025. In comparison, property sales in 2024 were mainly from Wuhan Xintiandi La Riva III (Lot B12), which completed in September 2024 and contributed RMB4,138 million.

Rental and related income from property investment for 2025 fell 21% to RMB1,949 million (2024: RMB2,456 million). The decrease was mainly due to the restructuring of the ownership of KIC Shanghai as announced in November 2024, following which the income from KIC Shanghai in 2025 of RMB435 million was accounted for as income from a joint venture and not reflected in the Group's revenue. Excluding the impact from the deconsolidation of KIC Shanghai, which contributed RMB441 million to Group's revenue in 2024, rental and related income of the Group for 2025 declined by 3%, primarily due to a decrease in rental income from the office portfolio.

Rental and related income from the Group's Shanghai properties, which accounted for 66% (2024: 73%) of the total, was also affected by the deconsolidation of KIC Shanghai and decreased to RMB1,296 million (2024: RMB1,786 million). On a like-for-like basis, rental and related income from the Group's Shanghai properties decreased by 4% compared to the same period last year, primarily due to a decline in the rental reversion of the Shanghai office portfolio, caused by oversupply and downward pressure on market rents. The decrease was partially offset by the rental growth in Xintiandi Shikumen Block, which generated rental and related income of RMB511 million in 2025 (2024: RMB488 million). Rental and related income from the Group's properties outside Shanghai decreased by 3% to RMB653 million in 2025 (2024: RMB670 million).

Property management income for 2025 decreased by 9% to RMB552 million (2024: RMB608 million), of which RMB390 million (2024: RMB447 million) was derived from services rendered to commercial properties, and the remaining RMB162 million (2024: RMB161 million) was from residential properties. The decrease in property management income was mainly attributable to the deconsolidation of KIC Shanghai. Excluding this impact, property management income from commercial properties for 2025 was stable compared with 2024.

Construction income generated by the construction business increased to RMB492 million in 2025 (2024: RMB395 million), with the growth mainly from the construction services rendered to the Group's joint ventures, Riverville and KIC Wuhan.

Other revenue, mainly comprising asset management fee income, management services fee income from Asset-Light projects and hotel operation income, advanced by 68% to RMB601 million in 2025 (2024: RMB358 million). The growth reflects the effectiveness of the Group's Asset-Light strategy in expanding its assets under management and enhancing its recurring fee income streams.

Gross profit for 2025 declined by 60% to RMB2,115 million (2024: RMB5,228 million) in line with the lower Group's revenue. Since the profit margin on the inventory sales was relatively low, the **gross profit margin** declined to 52% in 2025 (2024: 64%).

Other income for 2025 dropped by 57% to RMB141 million (2024: RMB326 million), mainly comprising bank interest income and interest income from joint ventures. The decrease was primarily due to the reduced interest rates on loans to joint ventures.

Selling and marketing expenses for 2025 fell by 17% to RMB110 million (2024: RMB133 million).

General and administrative expenses, which comprise staff costs, depreciation charges and advisory costs, decreased by 11% to RMB825 million in 2025 (2024: RMB932 million). Excluding the impact from the deconsolidation of KIC Shanghai, general and administrative expenses decreased by 9%, reflecting the effectiveness of the Group's ongoing cost control initiatives.

Decrease in the fair value of investment properties totalled RMB643 million in 2025 (2024: RMB207 million), comprising a valuation loss of RMB43 million (2024: a valuation gain of RMB33 million) from the Shanghai portfolio and a valuation loss of RMB600 million (2024: RMB240 million) from properties outside Shanghai. The section on "Investment Properties" in the Business Review part of this report provides detailed descriptions of these properties.

Other gains and losses recorded a net loss of RMB924 million in 2025 (2024: net loss of RMB279 million), comprised of:

(Losses)/Gains	2025 RMB'million	2024 RMB'million
Impairment provision for assets classified as held for sale	(907)	-
Provision for impairment losses under expected credit loss model	(31)	(287)
Gain from fair value change of derivative financial instruments	-	50
Others	14	(42)
Total	(924)	(279)

On 31 December 2025, the Group reviewed the market conditions of assets classified as held for sale, the properties under development and properties held for sale of the Group and its associates and joint ventures as of that date. The Group measured assets classified as held for sale at the lower of their carrying amount and the estimated fair price (including deposit already received) less cost of disposal. In 2025, an impairment provision of RMB907 million was made for assets classified as held for sale based on the best available information. The Group estimated the net realisable value of properties under development and properties held for sale by mainly taking into account the estimated selling prices and prevailing market conditions, estimated development costs (where appropriate, borrowing costs capitalised) to completion and costs necessary to make the sales. Provision for impairment is made for properties under development and properties held for sale whose net realisable value is lower than the cost. In 2025, impairment provisions were made for unsold inventories held by joint ventures, the financial impact on the Group's results on attributable basis was RMB230 million which was recorded in share of results of joint ventures.

Share of results of associates and joint ventures recorded a net loss of RMB238 million in 2025 (2024: a net gain of RMB217 million). The net loss from commercial properties amounted to RMB485 million (2024: RMB170 million), primarily comprising a net revaluation loss of RMB480 million (2024: RMB93 million). This loss was partially offset by net gains from residential projects of RMB247 million (2024: RMB387 million), comprising RMB477 million (2024: RMB387 million) of gains from property sales and savings in the final settlement of construction costs and land appreciation tax, and RMB230 million of losses from (2024: nil) impairment provision for unsold inventories.

Finance costs, inclusive of exchange differences, totalled RMB1,553 million in 2025 (2024: RMB2,027 million), comprising finance costs of RMB1,468 million (2024: RMB1,925 million) and a net exchange loss of RMB85 million (2024: RMB102 million). Total interest costs decreased by 25% to RMB1,546 million (2024: RMB2,058 million) which was in line with the Group's reduced outstanding balance of debt and lower average cost of debt of 5.35% in 2025 (2024: 6.0%). Of the abovementioned interest costs, 5% (2024: 6%) or RMB78 million (2024: RMB133 million) was capitalised as the cost of property development, with the remaining 95% (2024: 94%) of interest costs relating to mortgage loans on completed properties and borrowings for general working capital purposes being accounted for as expenses.

Taxation recorded a credit amount of RMB304 million in 2025 (2024: charge of RMB2,337 million). The year-on-year decrease was mainly attributable to: i) a 96% decrease in land appreciation tax to RMB52 million (2024: RMB1,225 million) and a reduction in People's Republic of China ("PRC") enterprise income tax to RMB174 million (2024: RMB832 million) as a result of the decline in property sales; ii) a reduction in deferred tax provision relating to the investment properties; and iii) a decrease in PRC withholding tax mainly arising from transactions and restructuring. PRC enterprise income tax has been provided for at the applicable tax rate of 25% on the assessable profits during the year. Land appreciation tax was levied at progressive rates ranging from 30% to 60% based on the appreciation value, which is the proceeds of property sales less deductible expenditures, including costs of land, development, and construction.

Loss for the year 2025 was RMB1,733 million (2024: profit of RMB810 million).

Loss attributable to shareholders of the Company for 2025 was RMB1,782 million (2024: profit of RMB180 million).

The core earnings of the Group are as follows:

	2025	2024	Change
	RMB'million	RMB'million	%
(Loss) / profit attributable to shareholders of the Company	(1,782)	180	(11x)
Decrease in fair value of investment properties, net of tax and non-controlling interests	562	177	
Impairment provision for assets classified as held for sale	907	-	
Share of results of associates and joint ventures			
- decrease in fair value of investment properties, net of tax	480	93	
- impairment provision on inventories, net of tax	230	-	
	<hr/> 2,179 <hr/>	<hr/> 270 <hr/>	
Net effect of changes in the valuation			
Profit attributable to shareholders of the Company before revaluation	397	450	(12%)
Core earnings of the Group	397	450	(12%)

Loss per share for 2025 was RMB22.2 cents, calculated based on a weighted average of approximately 8,009 million shares in issue in 2025 (2024: earnings per share of RMB2.2 cents, calculated based on a weighted average of approximately 8,009 million shares in issue).

Dividends payable to shareholders of the Company should comply with the dividend policy of the Company. In determining and recommending the frequency, amount, and form of any dividend in any financial period, the Board shall consider the factors including (1) the actual and expected financial performance, cashflows, and financial condition of the Group; (2) the Group's business strategies, stage of development, operational needs, and future prospects, including significant capital expenditure plans and investment needs to sustain long-term growth; (3) the current and projected liquidity position, capital requirements, and surplus of the Group; (4) prevailing and anticipated market conditions, the macroeconomic environment, and other internal or external factors that may impact the Group's business or financial performance; (5) any statutory, regulatory, or contractual restrictions on the payment of dividends, including the laws of the Cayman Islands, the Company's Articles of Association, restrictions under financing agreements and the ability of subsidiaries to upstream funds; and (6) any other factors that the Board deems relevant, consistent with their fiduciary duties.

Having considered the factors mentioned above, including the Group's performance during the year, its overall operation, strategic and financial position as of 31 December 2025, and being in compliance with certain covenants under the senior notes issued and bank borrowings, the Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: HKD0.036 per share).

Major Transactions

- 1) In June 2025, the Group entered into an agreement with Qingdao Ruijian Private Equity Investment Fund Partnership (Limited Partnership) ("the Fund") to transfer its 100% interest in Fo Shan Shui On Property Development Co., Ltd. and Fo Shan An Ying Property Co., Ltd. (collectively, "Foshan Project Companies") to the Fund. Upon completion, the Group will hold 57.63% of the partnership interests of the Fund. The transaction was accounted for as a financing arrangement and Foshan Project Companies will continue to be subsidiaries of the Group. For details, please refer to the circular issued by the Company dated 31 July 2025.
- 2) In November 2025, the Group entered into an agreement with Shanghai Lujiazui (Group) Co., Ltd., Shanghai Pudong New Area Real Estate (Group) Co., Ltd. and Shanghai Sanlin Asset Management (Group) Co., Ltd. for carrying out an urban village renewal project at Sanlin in the Pudong New Area of Shanghai, which has a planned gross floor area of approximately 724,000 sq.m., comprising both residential and commercial space. The Group holds a 13.26% effective interest in the project. For details, please refer to the circular issued by the Company dated 22 December 2025.

Liquidity, Capital Structure, and Gearing Ratio

In March 2025, the Group fully repaid an aggregate principal amount of USD490 million of senior notes.

The structure of the Group's borrowings as of 31 December 2025 is summarised below:

	Total	Due within one year	Due in more than one year but not exceeding two years	Due in more than two years but not exceeding five years	Due in more than five years
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
Bank and other borrowings – RMB	16,889	2,231	1,550	5,928	7,180
Bank borrowings – USD	2,311	1,809	502	-	-
Senior notes – USD	2,809	2,809	-	-	-
Receipts under securitisation arrangements – RMB	4,285	45	60	290	3,890
Total	26,294	6,894	2,112	6,218	11,070

Cash and bank deposits as of 31 December 2025 totalled RMB6,451 million (31 December 2024: RMB7,734 million), which included RMB1,816 million (31 December 2024: RMB2,780 million) of deposits pledged to banks and RMB2,390 million (31 December 2024: RMB2,083 million) of restricted bank balances which can only be applied to designated projects of the Group.

As of 31 December 2025, the Group's net debt (being the excess of the sum of senior notes, bank and other borrowings and receipts under securitisation arrangements net of bank balances and cash including pledged bank deposits and restricted bank deposits) was RMB19,843 million (31 December 2024: RMB22,193 million), and total equity was RMB38,230 million (31 December 2024: RMB42,669 million). The Group's net gearing ratio remained stable at 52% as of 31 December 2025 (31 December 2024: 52%), calculated based on the net debt over the total equity.

As of 31 December 2025, total USD/HKD borrowings (including both hedged and unhedged positions) amounted to RMB5,120 million (31 December 2024: RMB11,279 million), accounting for 19% of total borrowings (31 December 2024: 38%).

The total undrawn banking facilities available to the Group amounted to approximately RMB4,015 million as of 31 December 2025 (31 December 2024: RMB3,235 million).

During 2025, a total of RMB7.55 billion of debt (gross amount) was repaid by the Group.

Pledged Assets

As of 31 December 2025, the Group had pledged investment properties, properties under development for sale, property and equipment, right-of-use assets, receivables, bank deposits and the equity interests in a subsidiary totalling RMB39,121 million (31 December 2024: RMB39,984 million) to secure the Group's borrowings totalling RMB18,765 million (31 December 2024: RMB19,337 million).

Capital and Other Development Related Commitments

As of 31 December 2025, the Group had contracted commitments for development costs, capital expenditure, and other investments of RMB7,358 million (31 December 2024: RMB5,099 million).

Cash Flow Management and Liquidity Risk

Management of cash flow is the responsibility of the Group's treasury function at the corporate level.

The Group's commitment is to maintain a balance between continuity of funding and flexibility through a combination of internal resources, bank borrowings and debt financing, as appropriate. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the treasury. Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements.

On 26 January 2026, the Group issued USD300 million in 9.75% senior notes due 2029. The net proceeds were used to fund a concurrent tender offer for its outstanding USD400 million 5.50% notes due 2026. On 29 January 2026, an aggregate principal amount of USD295 million of the notes due 2026 was purchased and cancelled. The Group will continue to take a very prudent approach to capital management, with healthy cashflow a top priority for its liquidity management.

Exchange Rate and Interest Rate Risks

The Group's revenue is denominated in RMB. Thus, the coupon payments and repayment of the principal amounts of the RMB bank and other borrowings do not expose the Group to any exchange rate risk.

However, a portion of the revenue is converted into other currencies to meet foreign-currency-denominated debt obligations, such as bank borrowings denominated in HKD and USD, and senior notes denominated in USD issued in 2021. Thus, to the extent that the Group has a net currency exposure, there is exposure to fluctuations in foreign exchange rates. As of 31 December 2025, the Group had entered into USD104 million of cross currency swaps to hedge the USD currency risk against the RMB. The Group continues to monitor its exposure to exchange rate risk closely. It may consider employing additional derivative financial instruments to hedge against its remaining exposure to exchange rate risk, if necessary.

The Group's exposure to interest rate risk results from fluctuations in interest rates. Most of the Group's bank borrowings consist of variable-rate debt obligations with original maturities ranging from 1 to 15 years. Increases in interest rates would raise interest expenses relating to the outstanding variable rate borrowings and the cost of new debt. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the debt obligations.

As of 31 December 2025, the Group had various outstanding loans that bear variable rates of interest linked to Hong Kong Inter-bank Offered Rates ("HIBOR"), the Secured Overnight Financing Rate ("SOFR"), Offshore RMB HIBOR and the Loan Prime Rate. The Group had hedged against the variability of cash flow arising from interest rate fluctuations by entering into cross currency swaps in which the Group received interest at variable rates at SOFR and paid interest at fixed rates, based on the notional amount of USD104 million. The Group continues to monitor its exposure to interest rate risk closely. It may consider employing additional derivative financial instruments to hedge against its remaining exposure to interest rate risk, if necessary.

Save as disclosed above, as of 31 December 2025, the Group does not hold any other derivative financial instruments linked to exchange rates or interest rates. The Group continues to monitor its exposure to exchange rate and interest rate risks closely and may employ derivative financial instruments to hedge against risk.

The Board of Directors (the “Board”) of Shui On Land Limited (the “Company” or “Shui On Land”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2025 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	2025		2024	
		HKD'million (Note 2)	RMB'million	HKD'million (Note 2)	RMB'million
Revenue	4	4,472	4,093	8,959	8,173
Cost of sales		(2,161)	(1,978)	(3,228)	(2,945)
Gross profit		2,311	2,115	5,731	5,228
Other income	5	154	141	357	326
Selling and marketing expenses		(120)	(110)	(146)	(133)
General and administrative expenses		(901)	(825)	(1,021)	(932)
Decrease in fair value of investment properties		(703)	(643)	(227)	(207)
Gain on disposal of subsidiaries		-	-	1,046	954
Other gains and losses	5	(1,010)	(924)	(306)	(279)
Share of results of associates and joint ventures		(260)	(238)	238	217
Finance costs, inclusive of exchange differences	6	(1,697)	(1,553)	(2,222)	(2,027)
(Loss)/profit before tax	7	(2,226)	(2,037)	3,450	3,147
Tax	8	332	304	(2,562)	(2,337)
(Loss)/profit for the year		(1,894)	(1,733)	888	810
Attributable to:					
Shareholders of the Company		(1,947)	(1,782)	197	180
Non-controlling shareholders of subsidiaries		53	49	691	630
		(1,894)	(1,733)	888	810
(Loss)/earnings per share attributable to shareholders of the Company	10				
- Basic		HKD(24.3) cents	RMB(22.2) cents	HKD2.4 cents	RMB2.2 cents
- Diluted		HKD(24.3) cents	RMB(22.2) cents	HKD2.4 cents	RMB2.2 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2025		2024	
	HKD'million (Note 2)	RMB'million	HKD'million (Note 2)	RMB'million
(Loss)/profit for the year	(1,894)	(1,733)	888	810
Other comprehensive income/(expense)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	70	64	(195)	(178)
The effective portion of changes in the fair value of currency forward contracts designated as cash flow hedges	(37)	(34)	31	28
Reclassification from hedge reserve to profit or loss arising from currency forward contracts	19	17	(12)	(11)
Share of other comprehensive (expense)/income of an associate and a joint venture	(5)	(5)	21	19
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligations	-	-	4	4
Surplus on revaluation of properties transferred from property and equipment to completed investment properties, net of tax	-	-	4	4
Other comprehensive income/(expense) for the year	47	42	(147)	(134)
Total comprehensive (expense)/income for the year	(1,847)	(1,691)	741	676
Total comprehensive (expense)/income attributable to:				
Shareholders of the Company	(1,901)	(1,740)	49	45
Non-controlling shareholders of subsidiaries	54	49	692	631
	(1,847)	(1,691)	741	676

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	31 December 2025	31 December 2024
		RMB'million	RMB'million
Non-current assets			
Investment properties		40,160	40,964
Interests in associates		11,888	8,641
Interests in joint ventures		12,282	14,806
Property and equipment		780	829
Right-of-use assets		26	14
Receivables, deposits, and prepayments	<i>11</i>	220	262
Pledged bank deposits		841	416
Loans to a non-controlling shareholder of a subsidiary		18	-
Deferred tax assets		301	259
Other non-current assets		60	59
		<u>66,576</u>	<u>66,250</u>
Current assets			
Properties under development for sale		3,227	2,694
Properties held for sale		470	817
Receivables, deposits, and prepayments	<i>11</i>	607	714
Amounts due from associates		150	178
Loans to/amounts due from joint ventures		3,949	11,006
Loan to a non-controlling shareholder of a subsidiary		3	4
Amounts due from related companies		390	407
Contract assets		45	93
Pledged bank deposits		975	2,364
Bank balances and cash		4,635	4,954
Assets classified as held for sale		1,550	2,457
		<u>16,001</u>	<u>25,688</u>
Current liabilities			
Accounts payable, deposits received, and accrued charges	<i>12</i>	3,786	3,723
Contract liabilities		522	1
Bank and other borrowings		4,040	4,655
Senior notes		2,809	3,569
Receipts under securitisation arrangements		45	40
Tax liabilities		2,836	4,171
Loans from/amounts due to non-controlling shareholders of subsidiaries		9	943
Amounts due to associates		61	216
Loans from/amounts due to joint ventures		15	48
Amounts due to related companies		331	339
Lease liabilities		3	8
Derivative financial instruments		37	-
		<u>14,494</u>	<u>17,713</u>
Net current assets		<u>1,507</u>	<u>7,975</u>
Total assets less current liabilities		<u><u>68,083</u></u>	<u><u>74,225</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

	<i>Notes</i>	31 December 2025	31 December 2024
		RMB'million	RMB'million
Non-current liabilities			
Bank and other borrowings		15,160	14,622
Senior notes		-	2,868
Receipts under securitisation arrangements		4,240	4,173
Deferred tax liabilities		2,681	3,398
Accounts payable, deposits received, and accrued charges	<i>12</i>	507	537
Loans from an associate		5,735	5,825
Loans from a joint venture		1,484	36
Lease liabilities		46	92
Defined benefit liabilities		-	2
Derivative financial instruments		-	3
		<hr/> 29,853 <hr/>	<hr/> 31,556 <hr/>
Capital and reserves			
Share capital	<i>13</i>	146	146
Reserves		36,331	38,339
		<hr/> 36,477 <hr/>	<hr/> 38,485 <hr/>
Equity attributable to shareholders of the Company		36,477	38,485
Non-controlling interests		1,753	4,184
		<hr/> 38,230 <hr/>	<hr/> 42,669 <hr/>
Total equity		38,230	42,669
		<hr/> 68,083 <hr/>	<hr/> 74,225 <hr/>
Total equity and non-current liabilities		68,083	74,225

Notes to the consolidated financial statements:

1. General

The consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with International Financial Reporting Standards (“IFRSs”).

2. Presentation

The Hong Kong dollar figures presented in the consolidated statement of profit or loss and consolidated statement of comprehensive income are shown for reference only. They have been arrived at based on the exchange rate of RMB1.000 to HKD1.0926 for 2025 and RMB1.000 to HKD1.0962 for 2024, the average exchange rates that prevailed during the respective years.

3. Changes in Accounting Policies and Disclosures

The Group has adopted the following amended IFRS accounting standards for the first time for the current year’s financial statements. The Group has not early adopted any other standard or amendments that has been issued but is not effective.

Amendments to IAS 21

Lack of Exchangeability

The nature and the impact of the amended accounting standards are described below:

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group’s presentation currency were exchangeable, the amendments did not have any impact on the Group’s financial statements.

4. Revenue and Segmental Information

A. Disaggregation of revenue from contracts with customers

	2025 RMB'million	2024 RMB'million
Property development:		
Property sales	499	4,356
	<u>499</u>	<u>4,356</u>
Property management:		
Property management fee income	552	608
	<u>552</u>	<u>608</u>
Construction	492	395
Others	601	358
	<u>2,144</u>	<u>5,717</u>
Geographical markets		
Shanghai	1,582	1,285
Wuhan	331	4,236
Foshan	144	141
Chongqing	67	31
Nanjing	20	24
	<u>2,144</u>	<u>5,717</u>
Timing of revenue recognition		
At a point in time	499	4,356
Over time	1,645	1,361
	<u>2,144</u>	<u>5,717</u>

The following table shows the amounts of revenue recognised in the current reporting year that was included in the contract liabilities at the beginning of the reporting year:

	2025 RMB'million	2024 RMB'million
Revenue recognised that was included in contract liabilities at the beginning of the reporting year:		
Sale of properties	1	4,005
	<u>1</u>	<u>4,005</u>

4. Revenue and Segmental Information - continued

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

For the year ended 31 December 2025 and 2024

	2025	2024
	RMB'million	RMB'million
Property development:		
Property sales	499	4,356
Property management:		
Property management fee income	552	608
Construction	492	395
Others	601	358
	<hr/>	<hr/>
Revenue from contracts with customers	2,144	5,717
	<hr/>	<hr/>
Property investment		
(property investment segment)		
Rental income from investment properties (Note)	1,718	2,167
Rental-related income	231	289
	<hr/>	<hr/>
	4,093	8,173
	<hr/>	<hr/>
Note:		
	2025	2024
	RMB'million	RMB'million
For operating leases:		
Fixed lease payments	1,564	2,055
Variable lease payments that do not depend on an index or a rate	154	112
	<hr/>	<hr/>
	1,718	2,167
	<hr/>	<hr/>

4. Revenue and Segmental Information - continued

C. Operating segments

Operating segments are identified from the financial information provided regularly to the Group's chief operating decision maker ("CODM") (i.e., the executive directors and the chairman of the Group) for the purposes of allocating resources to and assessing the performance of the Group's various lines of business.

The Group is organised based on its business activities and has the following four major reportable segments:

Property development	- development and sale of properties
Property investment	- offices and commercial/mall leasing
Property management	- provision of daily management service to the properties
Construction	- construction, interior fitting-out, renovation and maintenance of building premises

The property development and property investment projects of the Group are located in Shanghai, Wuhan, Foshan, Chongqing, and Nanjing, the Chinese Mainland, and their revenues are primarily derived from property sales and leasing, respectively. The directors of the Company consider that the various operating segments under property development, property investment, property management, and construction segments are aggregated for financial reporting purposes because those segments have similar characteristics in terms of the production process, class of customers, and distribution method and are under similar economic conditions and subject to similar regulatory policies.

4. Revenue and Segmental Information - continued

For the year ended 31 December 2025

	Reportable segment						Consolidated RMB'million
	Property development RMB'million	Property investment RMB'million	Property management RMB'million	Construction RMB'million	Total RMB'million	Others RMB'million	
SEGMENT REVENUE							
Segment revenue of the Group	499	1,949	552	492	3,492	601	4,093
SEGMENT RESULTS							
Segment results of the Group	(248)	730	115	12	609	315	924
Interest income							85
Share of results of associates and joint ventures							(238)
Finance costs, inclusive of exchange differences							(1,553)
Other gains and losses							(924)
Unallocated income							56
Unallocated expenses							(387)
Loss before tax							(2,037)
Tax							304
Loss for the year							(1,733)

4. Revenue and Segmental Information - continued

For the year ended 31 December 2024

	Reportable segment						Consolidated RMB'million
	Property development RMB'million	Property investment RMB'million	Property management RMB'million	Construction RMB'million	Total RMB'million	Others RMB'million	
SEGMENT REVENUE							
Segment revenue of the Group	4,356	2,456	608	395	7,815	358	8,173
SEGMENT RESULTS							
Segment results of the Group	2,613	1,565	113	30	4,321	45	4,366
Interest income							267
Share of results of associates and joint ventures							217
Finance costs, inclusive of exchange differences							(2,027)
Gain on disposal of subsidiaries							954
Other gains and losses							(279)
Unallocated income							59
Unallocated expenses							(410)
Profit before tax							3,147
Tax							(2,337)
Profit for the year							810

Segment results represent the profit earned or loss incurred by each segment without allocation of central administration costs, directors' salaries, interest income, the share of results of associates and joint ventures, gain on disposal of subsidiaries, other gains and losses, finance costs inclusive of exchange differences, and other unallocated income/expense. This is the measure reported for resource allocation and performance assessment.

5. Other Income, Other Gains and Losses

	2025 RMB'million	2024 RMB'million
<u>Other income</u>		
Interest income from banks	52	110
Interest income from loans to joint ventures	33	157
Grants received from local governments	27	35
Others	29	24
	<u>141</u>	<u>326</u>
<u>Other gains and losses</u>		
Impairment provision for assets classified as held for sale (note)	(907)	-
Provision for impairment losses under the expected credit loss model	(31)	(287)
Gain from fair value change of derivative financial instruments	-	50
Others	14	(42)
	<u>(924)</u>	<u>(279)</u>

Note:

An impairment provision of RMB907 million was made for the difference between the carrying amount of assets classified as held for sale and the estimated fair price (including deposit already received) less costs of disposal, which was determined based on the best available information.

6. Finance Costs, Inclusive of Exchange Differences

	2025 RMB'million	2024 RMB'million
Interest on bank and other borrowings	973	1,134
Interest on senior notes	211	503
Interest on receipts under securitisation arrangements	187	185
Interest on loans from an associate and joint ventures	75	151
Interest expenses from lease liabilities	1	4
	<hr/>	<hr/>
Total interest costs	1,447	1,977
Less: amount capitalised to investment properties under construction or development and properties under development for sale	(78)	(133)
	<hr/>	<hr/>
Interest expenses charged to profit or loss	1,369	1,844
Net exchange loss on bank and other borrowings and other financing activities	85	102
Others	99	81
	<hr/>	<hr/>
	1,553	2,027
	<hr/> <hr/>	<hr/> <hr/>

Borrowing costs capitalised during the year were calculated by applying a capitalisation rate of approximately 3.5% (2024: 4.4%) per annum to expenditure on the qualifying assets.

7. (Loss)/Profit Before Tax

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

	2025	2024
	RMB'million	RMB'million
Auditor's remuneration - audit services	4	5
Depreciation of property and equipment	78	87
Depreciation of right-of-use assets	2	3
Employee benefits expenses		
Directors' emoluments		
Fees	4	5
Salaries, bonuses, and other benefits	34	37
	<u>38</u>	<u>42</u>
Other staff costs		
Salaries, bonuses, and other benefits	831	927
Retirement benefits cost	48	53
	<u>879</u>	<u>980</u>
Total employee benefits expenses	917	1,022
Less: amount capitalised to investment properties under construction or development and properties under development for sale	(33)	(45)
	<u>884</u>	<u>977</u>
Provision for impairment losses on receivables	31	287
Cost of properties sold recognised as an expense	627	1,543
The net impact of (reversal of provision)/provision for impairment losses on properties held for sale (included in "cost of sales")	(14)	24
Lease payments relating to short-term leases and low-value leases	5	3
	<u>5</u>	<u>3</u>

8. Tax

	2025	2024
	RMB'million	RMB'million
Hong Kong profits tax		
- Charge for the year	1	7
Chinese Mainland enterprise income tax ("EIT")		
- Charge for the year	174	832
Chinese Mainland withholding tax		
- Charge for the year	16	495
Chinese Mainland land appreciation tax ("LAT")		
- Charge for the year	52	1,225
Deferred tax		
- Credit for the year	(547)	(222)
	<u>(304)</u>	<u>2,337</u>

Hong Kong profits tax has been provided at 16.5% on the estimated assessable profits arising in Hong Kong during the years.

Chinese Mainland EIT has been provided for at the applicable income tax rate of 25% on the estimated assessable profits of the Chinese Mainland companies in the Group during the years.

The EIT Law of Chinese Mainland requires withholding tax to be levied on the distribution of profits earned by entities established in the Chinese Mainland for profits generated after 1 January 2008 at a rate of 5% for Hong Kong resident companies and at a rate of 10% (5% if obtained the Hong Kong residents) for companies incorporated in BVI and Republic of Mauritius ("Mauritius"), which are the beneficial owners of the dividend received. As of 31 December 2025 and 31 December 2024, the deferred tax was provided for in respect of the temporary differences attributable to such profits, except to the extent that the Group is able to control the timing of the reversal of such temporary differences and probably, that such temporary differences would not likely to be reversed in the foreseeable future.

The provision of LAT of Chinese Mainland is estimated according to the requirements as stipulated in the relevant tax laws and regulations. The LAT has been provided for at progressive rates of the appreciation value, with certain allowable deductions, including land costs, borrowing costs, and the relevant property development expenditures.

Pillar Two income taxes

The Group has assessed its potential exposure to Pillar Two rules based on the information available regarding the financial performance of the Group in the current year. As such, it may not be entirely representative of future circumstances, based on the assessment, the Group's effective tax rates in all jurisdictions in which it operates are above 15% and the directors of the Company are not currently aware of any circumstances under which they might change. Therefore, the Group does not expect material potential exposure to Pillar Two "top-up" taxes. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

9. Dividends

	2025 RMB'million	2024 RMB'million
Final dividend paid in respect of 2024 of HKD0.036 per share (2024: final dividend paid in respect of 2023 of HKD0.058 per share)	268	423
	<u>268</u>	<u>423</u>

Having taken into consideration the Group's financial performance during the year, the board of directors does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: HKD 0.036 per share)

10. (Loss)/Earnings Per Share

The calculation of the basic and diluted (loss)/earnings per share attributable to shareholders of the Company is based on the following data:

(Loss)/Earnings	2025 RMB'million	2024 RMB'million
(Loss)/earnings for basic/diluted (loss)/earnings per share, being (loss)/profit for the year attributable to shareholders of the Company	<u>(1,782)</u>	<u>180</u>
Number of shares	2025 'million	2024 'million
The weighted average number of ordinary shares for basic/diluted loss/earnings per share (<i>note (a)</i>)	<u>8,009</u>	<u>8,009</u>
Basic (loss)/earnings per share (<i>note (b)</i>)	RMB(22.2) cents HKD(24.3) cents	RMB2.2 cents HKD2.4 cents
Diluted (loss)/earnings per share (<i>note (b)</i>)	RMB(22.2) cents HKD(24.3) cents	RMB2.2 cents HKD2.4 cents

Notes:

- (a) The weighted average number of ordinary shares shown above has been arrived at after deducting 17,710,250 (2024: 17,710,250) shares held by a share award scheme trust.
- (b) The loss/earning per share expressed in Hong Kong dollars disclosed above are for reference only and have been arrived at based on the exchange rate of RMB1.000 to HKD1.0926 for 2025 and RMB1.000 to HKD1.0962 for 2024, being the average exchange rates during the respective years.

11. Receivables, Deposits, and Prepayments

	2025 RMB'million	2024 RMB'million
Trade receivables (<i>note(a)</i>)	507	613
Prepayments of relocation costs (<i>note(b)</i>)	17	6
Other deposits, prepayments, and other assets (<i>note(c)</i>)	295	340
Value-added tax recoverable	<u>8</u>	<u>17</u>
Less: non-current portion	<u>(220)</u>	<u>(262)</u>
	<u>607</u>	<u>714</u>

Notes:

- (a) As of 31 December 2025 and 31 December 2024, trade receivables with issuance of debit notes to the tenants amounted to RMB32 million and RMB62 million, respectively.

As of 31 December 2025 and 31 December 2024, trade receivables from contracts with customers amounted to RMB166 million and RMB200 million, respectively.

- (b) The balances represent the amounts that will be compensated by the government upon the completion of the relocation.
- (c) As of 31 December 2025 and 31 December 2024, other deposits and prepayments amounted to RMB85 million and RMB130 million, respectively.

Included in the Group's receivables, deposits, and prepayments are trade receivable balances of RMB507 million (2024: RMB613 million), of which 64% (2024: 62%) are not yet past due, 15% (2024: 11%) are past due less than 90 days, and 21% (2024: 27%) are past due over 90 days, as compared to when revenue was recognised.

Out of the past due balances, RMB106 million (2024: RMB163 million) has been past due 90 days or more and is not considered as in default since the directors of the Company consider that such balances could be recovered based on repayment history, the financial conditions and the current credit worthiness of each customer.

On 31 December 2025, the Group's receivables, deposits, and prepayments with a total carrying amount of RMB91 million (2024: RMB185 million) were pledged to secure banking facilities granted to the Group.

12. Accounts Payable, Deposits Received, and Accrued Charges

	2025 RMB'million	2024 RMB'million
Current portion comprises:		
Trade payables	1,288	1,401
Land and relocation cost payables	2	2
Deed tax and other tax payables	56	91
Deposits received in advance for the rental of investment properties	390	342
Value-added tax payables	83	270
Value-added tax arising from contract liabilities	31	-
Cash received in respect of land resumption	870	828
Other payables and accrued charges	1,066	789
	<u>3,786</u>	<u>3,723</u>
Non-current portion comprises:		
Deposits received in advance for the rental of investment properties	407	437
Other payables	100	100
	<u>507</u>	<u>537</u>

Included in the Group's accounts payable, deposits received, and accrued charges are trade payable balances of RMB1,288 million (2024: RMB1,401 million), of which 81% (2024: 92%) are aged less than 30 days, 3% (2024: 2%) are aged between 31 and 90 days, and 16% (2024: 6%) are aged more than 90 days, based on invoice date.

13. Share Capital

	<u>Authorised</u>		<u>Issued and fully paid</u>	
	Number of shares	USD'000	Number of shares	USD'000
Ordinary shares of USD0.0025 each				
On 1 January 2024,				
31 December 2024 and				
31 December 2025	12,000,000,000	30,000	8,027,265,324	20,068
			2025	2024
			RMB'million	RMB'million
Shown in the consolidated statement of financial position as			<u>146</u>	<u>146</u>

14. Event After the Reporting Period

On 26 January 2026, the Group issued USD300 million in 9.75% senior notes due 2029. The net proceeds were used to fund a concurrent tender offer for its outstanding USD400 million 5.50% notes due 2026. On 29 January 2026, an aggregate principal amount of USD295 million of the notes due 2026 was purchased and cancelled.

MARKET OUTLOOK

The global economic landscape underwent significant disruption in 2025. Unilateral protectionist tariffs and a fragmenting multilateral system have increased market volatility, causing enduring damage to established economic norms. This shifting global order, marked by intensifying strategic competition and evolving security alliances, continues to challenge traditional trade and investment patterns. Nevertheless, the global economy has shown a degree of resilience against these headwinds. This led the IMF to revise marginally its 2026 growth forecast upward to 3.3%, reflecting a temporary buffering effect from AI-related technological investment, supportive fiscal policies, and a transitory de-escalation in trade tensions. However, this stability remains “narrow-based” with risks tilted to the downside, particularly regarding the sustainability of high public debt and a potential recalibration of AI productivity expectations. As heightened uncertainty continues to weigh on corporate decision-making, a cautious approach is necessitated despite the apparent resilience.

The Chinese economy displayed a pronounced structural divergence in 2025. On the supply side, manufacturing excellence and high-tech innovation, notably in AI and robotics, remained robust. Supported by a competitive currency, China recorded an unprecedented USD1.19 trillion trade surplus, anchoring real GDP growth at the 5% target. This progress underscores a strategic shift toward a high-productivity economy driven by “new quality productive forces”. Conversely, domestic demand remained soft, with consumption and investment hindered by the fading momentum of previous stimulus and a cautious private sector. This imbalance is reflected in persistent disinflationary pressure, as nominal GDP growth has trailed real growth for 11 consecutive quarters. The prolonged property slump continues to weigh on household wealth, underscoring the urgency of revitalising internal consumption to ensure a more balanced recovery. To address these challenges, the 15th Five-Year Plan prioritises the expansion of domestic demand through targeted measures to bolster household income and the social safety net. While the government remains committed to indigenous innovation for long-term resilience, the strategic focus is increasingly shifting toward rebalancing the growth model, seeking to harmonise industrial advancement with a more vibrant and sustainable domestic market.

The correction in China’s residential property sector persisted throughout 2025. Annual real estate investment declined by 17.2%, marking the fourth consecutive year of contraction. Market activity remained subdued, with the annual sales value and gross floor area of new commodity housing decreasing by 12.6% and 8.7%, respectively. Purchasing sentiment continues to be hindered by falling prices across all city tiers and a cautious outlook on income growth. Recent central policy signals from Qiushi, the official theoretical journal of the Communist Party of China, acknowledge the macroeconomic impact of declining property prices, yet they reiterate that a broad-based stimulus remains unlikely. The Government remain committed to risk prevention and the establishment of a “new development model” for the sector. Consequently, financing conditions remain constrained, and a definitive market bottom has yet to be established. Looking ahead, the 15th Five-Year Plan shifts the strategic focus from scale expansion toward urban renewal. Future growth will be increasingly driven by high-quality regeneration projects and “quality homes”, aligning with the national transition toward sustainable, high-quality development. This is also a core focus of Shui On Communities.

The commercial office market faced persistent structural challenges in 2025. According to JLL, Shanghai’s citywide rents adjusted downward by 11.6% year-on-year to RMB5.2/sq.m./day. Corporate occupiers remained highly cost-conscious, focusing on space consolidation rather than expansion. Looking ahead, a significant supply overhang remains a primary headwind, with over 4.3 million sq.m. of new completions expected in Shanghai through 2030. This influx will continue to intensify market competition and keep rental growth under pressure. Amid the broader softening, certain policy-backed sectors, such as AI-driven technology and consumer services, have provided pockets of demand. However, the overall market trajectory remains cautious, as the pace of recovery will largely depend on the effective absorption of the substantial supply pipeline and a broader restoration of business confidence.

The retail property market in 2025 was marked by intensifying competition and structural divergence. According to JLL, occupancy in Shanghai’s prime malls improved even as rents adjusted downward, with prime and decentralised rents declining by 4.3% and 6.4% year-on-year, respectively. This reflects a shift where landlords prioritise footfall and tenant quality over rental growth. Amid this transition, experiential offerings and cultural consumption have emerged as resilient growth drivers. This momentum is further bolstered by Shanghai’s resurgence in inbound tourism, with a 40% surge in international travellers contributing USD15 billion in consumption. These trends increasingly favour integrated destinations that offer a unique sense of place and social value. Our Xintiandi Community is ideally positioned to capitalise on this shift. By blending cultural heritage with experience-driven lifestyle offerings, our strategy aligns with the evolving demand for social enrichment and sustainability. This focus on creating unique, customer-centric destinations ensures our portfolio remains a resilient benchmark in a bifurcating market.

Shanghai's economic growth regained momentum in 2025, reaching 5.4%—outperforming the national average. This resurgence was driven by a robust high-tech manufacturing sector, where the three prioritised industries—integrated circuits, artificial intelligence, and biopharmaceuticals—posted growth of nearly 10%. The year concluded with a series of high-profile capital market debuts by innovation-driven enterprises, further solidifying the city's role as a premier financial and technology hub. On the demand side, retail sales grew by 4.6%, significantly bolstered by the city's resurgence in inbound tourism and its evolving consumption landscape. Looking ahead, the proposals for Shanghai's 15th Five-Year Plan reaffirm the city's ambition to enhance its “Five Centres” functions. By 2035, Shanghai aims to align its key development indicators with internationally leading levels, targeting a doubling of GDP per capita from 2020 levels. These initiatives are set to boost Shanghai's urban capacity and core competitiveness substantially, reinforcing its long-standing role in global resource allocation and its strategic capacity to serve the national economy.

Wuhan recorded 5.6% GDP growth in 2025, driven by an accelerated transition toward high-tech industries. Despite the property sector downturn, robust investment in advanced manufacturing sustained growth in fixed-asset investment. As a result of the city's long-term commitment to innovation, Wuhan has advanced in global rankings as a research-intensive hub, with its high-tech manufacturing sector also fuelling double-digit export growth. Boosted by the city's transport connectivity, Wuhan continues to consolidate its position as a key exhibition and convention hub in China. In 2025, the city's MICE sector expanded rapidly, with the number of hosted events increasing by nearly 40%, further enhancing its international profile. Meanwhile, Wuhan's retail sales registered a 4.5% growth. Looking ahead, under the 15th Five-Year Plan, Wuhan aims to expand its GDP beyond RMB3 trillion, striving to become a national centre for technology innovation, commerce and logistics, and international exchange.

Chongqing's GDP grew by 5.3% in 2025, reaching RMB3.38 trillion, underpinned by the dual momentum of advanced manufacturing and modern services. The city's industrial value-added expanded by 5.9%, led by a 9.7% surge in automobile production. With an annual output of 2.79 million units, Chongqing has solidified its position as China's largest automotive manufacturing hub. Simultaneously, the service sector grew by 6.2%, with commercial services and IT posting robust double-digit gains. The city's consumption engine remains a national leader. In 2025, Chongqing registered a record-high RMB 1.67 trillion in retail sales, the largest aggregated value in China. This was further bolstered by a resurgence in tourism, as inbound international arrivals hit a record 2.48 million. For 2026, the municipal government has set targets of 5% GDP growth and 4% retail growth, emphasising a balanced approach to stabilising investment and encouraging consumption. Under the 15th Five-Year Plan, Chongqing aims to reach a RMB4 trillion GDP by further strengthening its role as Western China's primary hub for advanced manufacturing and industrial innovation.

Foshan recorded a marginal 0.2% GDP growth in 2025, reflecting the combined impact of the property market correction and the structural transition of traditional industries. In response, the city is accelerating its industrial upgrading, prioritising AI integration and brand innovation to revitalise its manufacturing base. A key future catalyst is the Pearl River Delta International Airport in Gaoming District, which is to commence construction in 2026. As a cornerstone of the 15th Five-Year Plan, the airport will significantly enhance Foshan's regional connectivity and logistics capacity upon its 2028 opening. Simultaneously, the city is focusing on urban revitalisation, pledging increased support for preserving historic districts to bolster cultural tourism. These strategic pivots, alongside deeper integration within the Greater Bay Area, remain essential to Foshan's long-term economic resilience.

Nanjing's GDP growth in 2025 reached 5.2%. Despite a broader decline in overall fixed asset investment, the city's industrial investment surged by 12.1%, signalling a decisive shift toward high-end manufacturing. This transition is anchored by the software and information services sector, which maintained its robust scale with an annual output exceeding RMB1 trillion. While broader retail sales showed moderate growth, Nanjing's tourism and service-related consumption delivered a record-breaking performance. For the first time, the city's annual visitor traffic surpassed 200 million arrivals, a 10.6% increase, while total tourism revenue grew by 9.3% to RMB239 billion. Looking ahead, the 15th Five-Year Plan identifies renewable energy, new materials, and the “low-altitude” economy as strategic growth engines. These priorities, combined with Nanjing's deep academic and research foundations, provide a stable outlook for the city's long-term economic competitiveness.

As China enters 2026, the 15th Five-Year Plan commences with a focus on policy continuity and structural consolidation. The national agenda remains anchored in “seeking progress while maintaining stability”. Fiscal and monetary policies are expected to provide calibrated support, ensuring necessary liquidity while prioritising long-term economic health. While external complexities persist, the domestic growth model is steadily pivoting toward industrial innovation and high-quality consumption. For the real estate sector, 2026 will be a year of continued adjustment. The industry is fundamentally recalibrating. The era of high-leverage growth has given way to a “new normal” centered on urban rejuvenation and the efficient management of existing assets. Market dynamics will remain highly bifurcated. Resilience is expected to be concentrated in prime locations and high-specification developments that meet evolving user needs. Against this backdrop, the Group will continue to align our strategy with these structural trends, with a focus on urban regeneration, disciplined asset management and the delivery of high-quality developments, as it adapts to the next phase of China's urban evolution.

FINAL DIVIDEND

Having considered the factors mentioned in the dividend policy of the Company, including the Group's performance during the year, its overall operation, strategic and financial position as of 31 December 2025, and being in compliance with certain covenants under the senior notes issued and bank borrowings, the Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: HKD0.036 per share).

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 20 May 2026 to Wednesday, 27 May 2026 (both dates inclusive), during which period no transfer of shares will be registered. To be eligible to attend and vote at the forthcoming annual general meeting to be held on 27 May 2026 (the "AGM"), all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 19 May 2026. The record date for determining shareholders' entitlement to attend and vote at the AGM will be Wednesday, 27 May 2026.

PURCHASE, SALE, OR REDEMPTION/CANCELLATION OF LISTED SECURITIES

On 3 March 2020, Shui On Development (Holding) Limited ("SODH") issued USD400 million in 5.50% senior notes due 2025 (the "2025 SODH Notes"). On 20 February 2020, SODH commenced the Exchange and Tender Offer to the Eligible Holders of USD500 million in 5.70% senior notes due 2021 (the "2021 Notes") and USD500 million in 6.25% senior notes due 2021 (the "2021 SODH Notes"). On 28 February 2020, the Company determined to accept USD64,972,000 for the exchange of the 2021 Notes and USD24,942,000 for the exchange of the 2021 SODH Notes. Pursuant to the Exchange Offer, USD89,914,000 new notes (the "New Notes") were issued, which formed a single series with the 2025 SODH Notes with the aggregate principal amount of USD489,914,000. On 3 March 2025, SODH fully repaid the principal amount of the outstanding 2025 SODH Notes (inclusive of the New Notes) and the accrued and unpaid interest upon its maturity date.

Save as disclosed above, neither the Company nor its subsidiaries have purchased, sold, or redeemed any of the Company's listed securities during the year ended 31 December 2025.

CORPORATE GOVERNANCE

The Company reviews its corporate governance practices from time to time to ensure they comply with all the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). During the year ended 31 December 2025, the Company has applied the principles of and complied with all the applicable code provisions of the CG Code except for a deviation as stated below. Further information on the Company's corporate governance practices is set out in the Company's 2025 Annual Report.

Code provision C.1.5 of the CG Code stated that independent non-executive directors and other non-executive directors should also attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Shane Tedjarati and Ms. Randy W. S. Lai, the Independent Non-executive Directors ("INEDs") of the Company, could not attend the annual general meeting held on 16 May 2025 (the "2025 AGM") due to other business engagements. Save for the above, all the INEDs attended the 2025 AGM.

The Audit and Risk Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2025, including the accounting principles and practices adopted by the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Following specific enquiries by the Company, all Directors have confirmed that they complied with the required standard set out in the Model Code throughout the year ended 31 December 2025.

EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2025, the number of employees in the Group was 2,776 (31 December 2024: 2,851); which included the headcount of the property management business at 1,480 (31 December 2024: 1,478), and the headcount of the construction and fitting out business at 106 (31 December 2024: 120). The Group provides a comprehensive benefits package for all employees as well as career development opportunities. This includes retirement schemes, long-term incentive schemes, medical insurance, other insurances, in-house training, on-the-job training, external seminars, and programs organised by professional bodies and educational institutes.

The Group strongly believes in the principle of equality of opportunity. The remuneration policy of the Group for rewarding its employees is based on their performance, qualifications, and competency displayed in achieving our corporate goals.

SCOPE OF WORK OF MESSRS. ERNST & YOUNG

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year that ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Ernst & Young, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Ernst & Young on the preliminary announcement.

APPRECIATION TO ALL OUR STAKEHOLDERS

Finally, I would like to express my sincere gratitude to my fellow Board members for their counsel, and to our management team and employees for helping the Group to remain resilient during another year of challenges. I am also grateful to our shareholders, partners and customers for their continued trust and support. Guided by prudence, discipline and a proven long-term strategy, I am confident that we will continue to navigate the current difficult market as we create and sustain the vibrant communities that are our hallmark.

By Order of the Board
Shui On Land Limited
Vincent H. S. LO
Chairman

Hong Kong, 26 March 2026

At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman), Ms. Stephanie B. Y. LO (Vice Chairman), Ms. Jessica Y. WANG (Chief Executive Officer), and Mr. Douglas H. H. SUNG (Chief Financial Officer and Chief Investment Officer); and the independent non-executive directors of the Company are Mr. Anthony J. L. NIGHTINGALE, Mr. Shane TEDJARATI, Ms. Ya Ting WU, Mr. Albert K. P. NG, Ms. Randy W. S. LAI, and Mr. Clement K. M. KWOK.

This announcement contains forward-looking statements, including, without limitation, words and expressions such as "expect," "believe," "plan," "intend," "aim," "estimate," "project," "anticipate," "seek," "predict," "may," "should," "will," "would" and "could" or similar words or statements, in particularly statements about future events, our future financial, business or other performance and development, strategy, plans, objectives, goals, and targets, the future development of our industry and the future development of the general economy of our key markets and globally.

These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate. These forward-looking statements reflect our current views concerning future events, are not a guarantee of future performance, and are subject to certain risks, uncertainties, and assumptions, including with respect to the following:

- *changes in laws and PRC governmental regulations, policies, and approval processes in the regions where we develop or manage our projects;*
- *changes in economic, political and social conditions and competition in the cities we operate in, including a downturn in the property markets;*
- *our business and operating strategies;*
- *our capital expenditure plans;*
- *various business opportunities that we may pursue;*
- *our dividend policy;*
- *our operations and business prospects;*
- *our financial condition and results of operations;*
- *the industry outlook generally;*
- *our proposed completion and delivery dates for our projects;*
- *changes in competitive conditions and our ability to compete under these conditions;*
- *catastrophic losses from fires, floods, windstorms, earthquakes, or other adverse weather conditions, diseases or natural disasters;*
- *our ability to further acquire suitable sites and develop and manage our projects as planned;*
- *availability and changes of loans and other forms of financing;*
- *departure of key management personnel;*
- *performance of the obligations and undertakings of the independent contractors under various construction, building, interior decoration, and installation contracts;*
- *exchange rate fluctuations;*
- *currency exchange restrictions and*
- *other factors beyond our control.*

This list of important factors is not exhaustive. Additional factors could cause the actual results, performance, or achievements to differ materially. We do not make any representation, warranty, or prediction that the results anticipated by such forward-looking statements, which speak only as of the date of this announcement, will be achieved. Such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Subject to the requirements of applicable laws, rules, and regulations, we do not have any obligation to update or otherwise revise any forward-looking statements. You should not place undue reliance on any forward-looking information.

** For identification purposes only*