



瑞安房地產
SHUI ON LAND



ANNUAL
REPORT
2025

SHUI ON LAND LIMITED

Incorporated in the Cayman Islands
with limited liability

STOCK CODE 272




A Leading Urban Solution Provider in China

Founded in 2004 and listed on the Hong Kong Stock Exchange in 2006, Shui On Land is a leading urban solution provider in China, offering a diverse portfolio in top tier cities across China with two core business segments: property development and asset management. The Company specialises in urban regeneration and the development and operation of communities that prioritise culture, social engagement, and sustainability. Shui On Land is committed to delivering a best-in-class lifestyle through its well-known brands “Xintiandi” and “Lakeville”.

Xintiandi, a community brand developed and operated by Shui On Land, has pioneered the concept of open commercial districts in China. Since its establishment as Shanghai Xintiandi in 2001, the brand has developed a series of notable landmarks in Wuhan, Chongqing, and Foshan. The Xintiandi lifestyle is forward thinking – where the boundaries between live-work-play-learn are blurred. Xintiandi celebrates the diverse cultural and natural heritage of a city, spurring on innovation and sustainability. Lakeville, another brand under Shui On Land, offers luxury living through exceptional product quality and outstanding service, setting new benchmarks for premium lifestyle.

As of December 31, 2025, the Company holds a land bank of 7.2 million sq.m. in prime locations across key Chinese cities. Its wholly owned subsidiary, Shui On Xintiandi, serves as the commercial property investment and management arm, making it one of the largest private commercial property managers in Shanghai. This subsidiary oversees a portfolio of RMB79 billion of office and retail premises in Shanghai, including the flagship Shanghai Xintiandi.

Upholding the principles of integrity, dedication, innovation, and excellence, Shui On Land is committed to “Building a future, sharing a dream.”



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FINANCIAL HIGHLIGHTS

Operating Results for the year ended 31 December

	2025 HKD'million	2024 HKD'million	2025 RMB'million	2024 RMB'million
Revenue	4,472	8,959	4,093	8,173
Represented by:				
Property development	545	4,775	499	4,356
Property investment	2,129	2,692	1,949	2,456
Property management	603	667	552	608
Construction	538	433	492	395
Others	657	392	601	358
Gross profit	2,311	5,731	2,115	5,228
Decrease in fair value of the investment properties	(703)	(227)	(643)	(207)
(Loss)/profit attributable to shareholders of the Company	(1,947)	197	(1,782)	180
Core earnings of the Group	434	493	397	450
Basic (Loss)/earnings per share	HKD(24.3) cents	HKD2.4 cents	RMB(22.2) cents	RMB2.2 cents
Dividend per share				
Interim paid	–	–	–	–
Proposed final	–	HKD0.036	–	–
Full year	–	HKD0.036	–	–

Note:

Except for dividend per share that is originally denominated in HK dollar, all of the HK dollar figures presented above are shown 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 that prevailed during the respective years.

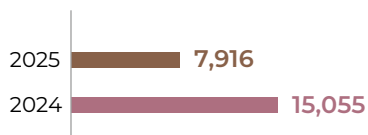
Financial Position as of 31 December

	2025 RMB'million	2024 RMB'million
Total cash and bank deposits	6,451	7,734
Total assets	82,577	91,938
Total equity	38,230	42,669
Total indebtedness	26,294	29,927
Bank and other borrowings	19,200	19,277
Senior notes	2,809	6,437
Receipts under securitisation arrangements	4,285	4,213
Net gearing ratio*	52%	52%

* Calculated on the basis of the excess of the sum of bank and other borrowings, senior notes and receipts under securitisation arrangements net of the sum of total cash and bank deposits over the total equity.

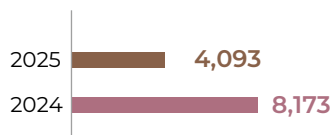
Contracted Sales

(RMB'million)



Revenue

(RMB'million)



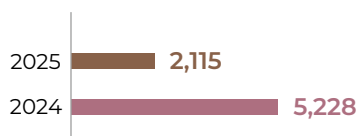
Rental and Related Income*

(RMB'million)



Gross Profit

(RMB'million)



Gross Profit Margin

%



Core Earnings

(RMB'million)



Total Assets

(RMB'million)



Net Gearing Ratio

%



Total Cash and Bank Deposits

(RMB'million)



* Including rental and related income from Ruihong Xintiandi Commercial Partnership Portfolio, 5 Corporate Avenue and Xintiandi Hubindao, Nanjing IFC, CPIC Xintiandi Commercial Center, 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.

KEY ACHIEVEMENTS

STABLE PROJECT DEVELOPMENT AND RESILIENT OPERATIONAL PERFORMANCE

- In April 2025, Shui On Land celebrated its 20th anniversary in Wuhan. The Group has deep roots in Wuhan stretching back to its redevelopment of the Yongqing area in 2005. Our three developments – “Wuhan Xintiandi”, “KIC Wuhan”, “Wuhan Changjiang Tiandi” – spanning over 3 million sq.m. have contributed significantly to Wuhan’s evolution as a national central city.
- Nanqiao Tiandi started its construction in January and acquired its first residential land parcel in April 2025. Shui On Land holds a 5% interest in the project and provides management services across project development, sales & marketing and asset management.
- Construction of public infrastructure at Zhaolou Xintiandi commenced in July 2025. The area’s urban functional zoning, transportation networks, and ecology have been prepared for a transformative upgrade, propelling the project into its substantive development phase.
- In September 2025, Shui On Land elevated “Xintiandi” from a commercial identity to a comprehensive community brand, drawing on its urban regeneration expertise to unlock new possibilities for city living. The “Xintiandi” community brand centres on the core value proposition of “Bring Places to Life,” emphasising the cultural and natural heritage of the landmark community while embracing an urban lifestyle of the future delivered through four pillars: high mixed-use community development, bringing heritage to life, fostering creativity and innovation, and sustainable development.
- To strengthen coherence and ecosystem synergies, six existing “Tiandi” communities have unified under the “Xintiandi” brand: Wuhan Xintiandi, Chongqing Xintiandi, Lingnan Xintiandi, Ruihong Xintiandi, Hongqiao Xintiandi, and Panlong Xintiandi.
- At the end of September 2025, KIC Park had its grand opening as the lively commercial centre of KIC Wuhan, a flagship Knowledge Community in the city. Positioned as a “knowledge innovation community” and embracing the concept of “commerce in the park,” the project has quickly become a new commercial hotspot that has captured the attention of Wuhan consumers.



- Xintiandi Dongtaili, located in the eastern section of Shanghai Xintiandi, officially opened in December 2025. Featuring a 6,500 sq.m. panoramic canopy and 84,000 sq.m. of open-air commercial space, it has revitalised the local heritage while reviving the city's vibrancy and stimulating consumption.
- Wuhan Xintiandi is a city landmark that preserves local cultural heritage while combining upscale residences, premium business spaces, and dynamic retail environments. The final phase of its residential development launched at the end of November 2025, achieving strong demand, with over 70% of units subscribed.
- The heritage-inspired villas of Lakeville VI attracted significant interest from high-net-worth buyers. All villas and townhouses with pre-sale permits have been sold. The remaining villas and townhouses are ready for sales contracts to be signed once the pre-sale permit is obtained.

SUCCESSFULLY FULFILLED FINANCIAL OBLIGATIONS

- Adhering to a prudent capital management strategy, the Group successfully fulfilled all its financial obligations during the year, including repayment of USD490 million senior notes due on 3 March 2025.

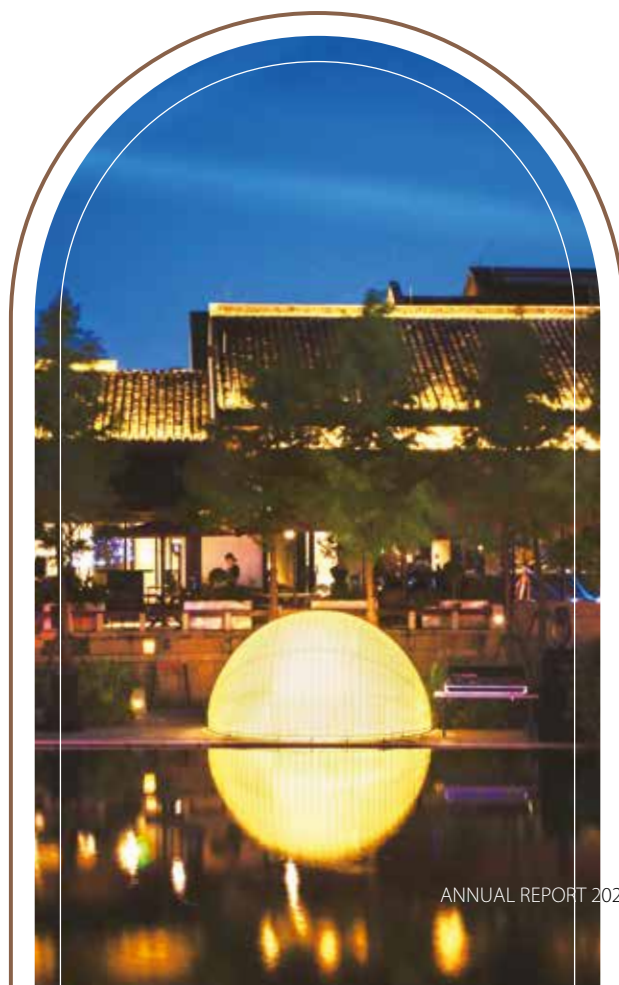
NEW DEVELOPMENT

- In June 2025, a new joint venture established by Shui On Land with Tian An China Investments Company Limited has succeeded in the acquisition via public tender of Yong Ye Group's 50% equity interest in a company holding three residential and commercial land parcels to the east of Shanghai Xintiandi, which together form the "Yong Xin Li" project, a high-end residential project under the Lakeville brand. The Group effectively owns a 15% interest in the project.
- In November 2025, a wholly-owned subsidiary of Shui On Land entered into a new partnership with Shanghai Lujiazui, Shanghai Pudong Real Estate and Shanghai Sanlin to carry out an urban village renewal project ("Sanlin Project") in Xilin Village, Sanlin Town, Pudong Shanghai. The Group's effective interest in this project is 13.26%.

5C SUSTAINABILITY INITIATIVES AND ACHIEVEMENTS

- The Group secured GRESB 5 Star rating and advanced its HKQAA Sustainability Rating performance to "AA", while maintaining leadership status on the 2025 CDP Climate "A-List".
- Panlong Xintiandi won the 2025 ULI Asia-Pacific Award for Excellence and was named a National-level Tourism and Leisure Block by the Ministry of Culture and Tourism.

- The Group achieved a 57% reduction in Scope 1 & 2 carbon emissions intensity and a 32% reduction in Scope 3 tenant emissions intensity from the 2019 baseline.
- The Group maintained a 35% portfolio-wide share of renewable electricity, with over 1,000 m² of roof-top solar panels installed at CPIC Xintiandi Tower 1 and Tower 2.
- The Group developed the *Shui On Land Climate Change Physical Risk Resilience and Adaptation Guideline* and embedded it into project lifecycles, thereby future-proofing portfolios against physical climate threats.
- The Group drove Green Pledge adoption to 100% of F&B tenants, 98.6% of retail tenants and 98.4% of office tenants, and launched the "XINTAINDI GREENOVATORS" initiative to engage tenants in collective sustainability actions.
- The Group staged the 2025 "Heritage Now Festival" at Panlong Xintiandi and Lingnan Xintiandi, engaging over six million visitors through traditional performances and exhibitions, bringing heritage to life and creating festive memories.
- The Group revitalised Xintiandi Dongtaili through a series of cultural innovations – spanning exhibitions from the "RanRan" Young Artist Incubation Programme, the Dongtai Cabinet artistic showcases, and the Creative X Conference – bringing new vibrancy to this historic street.
- The Group reached 40% female Board representation, continuing a multi-year trend of advancing diversity at the governance level.



KEY AWARDS



Corporate

Shui On Land
**Best Corporate Governance and ESG Awards 2025
Most Sustainable Organisations Awards**
The Hong Kong Institute of Certified Public Accountants

Shui On Land
**HKIRA 11th Investor Relations Awards – Certificate of
Excellence**
Hong Kong Investor Relations Association

Shui On Land
**Sustainability-related Financial Disclosure Pioneer
Program, Gold Badge**
Hong Kong Quality Assurance Agency

Shui On Land
**2025 Sustainability and Responsibility Leadership
Award – Decarbonization Award**
The American Chamber of Commerce in Shanghai

Shui On Land
ESG Leading Enterprises 2025
Bloomberg Businessweek – Chinese Edition

Shui On Land
**Top 10 Commercial Real Estate Companies in ESG
Development Performance for 2025 (Ranked 5th)**
Guandian Index

Shui On Land
**2025 Commercial Real Estate Brand Value Performance
Top 20 (Ranked 5th)**
Guandian Index

Shui On Land
**2025 Commercial Real Estate Innovation Capability
Performance Top 20 (Ranked 6th)**
Guandian Index

Shui On Land
**Annual Report 2024 – Traditional Annual Report –
Bronze Award**
ARC Awards 2025

Shui On Land
Annual Report 2024 – Gold Award
2025 Galaxy Awards

Shui On Land
**Exemplary Enterprise Awards in Product Engineering
Excellence**
CRIC Asset Management

Shui On Xintiandi
**Top 10 Most Influential Commercial Real Estate
Companies**
2024 Van Sound Club Ranking List

Shui On Xintiandi
**Exemplary Enterprise Awards in Management and
Operations Excellence**
CRIC Asset Management

Project

Shanghai Xintiandi Dongtaili
2025 Best Urban Regeneration Exemplary Cases
China Urban Regeneration Forum

Xintiandi Style II
**Shanghai Green and Low-Carbon Retrofit Assessment
of Existing Buildings – Silver Award**
Shanghai Green Building Council

Panlong Xintiandi
2025 ULI Asia-Pacific Awards for Excellence
Urban Land Institute

Panlong Xintiandi
**Shanghai Urban Regeneration Excellence Awards –
Nomination Prize**
Shanghai Municipal Planning and Natural Resources Bureau

Panlong Xintiandi
Top 10 Commercial Projects by Influence in Tier-1 Cities
2024 Van Sound Club Ranking List

Panlong Xintiandi
The National-Level Tourism Leisure Blocks
Ministry of Culture and Tourism of the People's Republic of China

Hong Shou Fang
Top 10 Commercial Projects by Influence in Tier-1 Cities
2024 Van Sound Club Ranking List

University Avenue, KIC Shanghai
Characteristic Catering Cluster Block
Shanghai Municipal Commission of Commerce

University Avenue, KIC Shanghai
2025 Shanghai Municipal Tourist and Leisure Block
Shanghai Municipal Tourism Administration

KIC Park, KIC Wuhan
**Most Anticipated Top 30 Influential Commercial
Projects**
2024 Van Sound Club Ranking List

Management

Stephanie B. Y. Lo
Most Powerful Women China
 Fortune China

Jessica Y. Wang
Shanghai Municipal March 8th Red Banner Holder (2022-2024)
 Shanghai Women's Federation, Shanghai Municipal Human Resources and Social Security Bureau

Certification

5 Corporate Avenue
LEED – Operations and Maintenance Platinum
 USGBC

CPIC Xintiandi Tower 1
LEED – Core and Shell Platinum
 USGBC

CPIC Xintiandi Tower 2
LEED – Core and Shell Platinum
 USGBC

Xintiandi Dongtaili
LEED – Core and Shell Gold
 USGBC

KIC Wuhan
LEED – Core and Shell Gold
 USGBC

CPIC Xintiandi Tower 1
WELL – Core Platinum, Health and Safety Rating
 IWBI

CPIC Xintiandi Tower 2
WELL – Core Platinum, Health and Safety Rating
 IWBI

Hall of the Sun, Ruihong Xintiandi
China Green Building Label 2 Star
 Shanghai Municipal Commission of Housing and Urban-Rural Development

KIC Wuhan Lot B8 and B9
China Green Building Label 2 Star
 Hubei Building Technology & Energy Efficiency Office

Wuhan Changjiang Tiandi Lot B4
China Green Building Label 2 Star
 Hubei Building Technology & Energy Efficiency Office

Wuhan Xintiandi Lot B12
China Green Building Label 1 Star
 Hubei Building Technology & Energy Efficiency Office



KIC Shanghai Phase 1 & Phase 2
China Green Building Label 1 Star
 Shanghai Municipal Commission of Housing and Urban-Rural Development

KIC Shanghai Phase 3
China Green Building Label 1 Star
 Shanghai Municipal Commission of Housing and Urban-Rural Development

KIC Shanghai Phase 4
China Green Building Label 1 Star
 Shanghai Municipal Commission of Housing and Urban-Rural Development

Rating

HKQAA
AA

HKQAA Sustainability Rating and Research



A
 CDP (Climate)



Constituent
 Hang Seng Corporate Sustainability Benchmark Index



5 Star
 GRESB (SCOV¹ only)

1 The Shui On Land Core-Plus Office Venture.

CHAIRMAN'S STATEMENT

“A major milestone during the year was the elevation of “Xintiandi” from a commercial brand to a comprehensive community brand that reflects decades of experience in urban regeneration and community operation.”

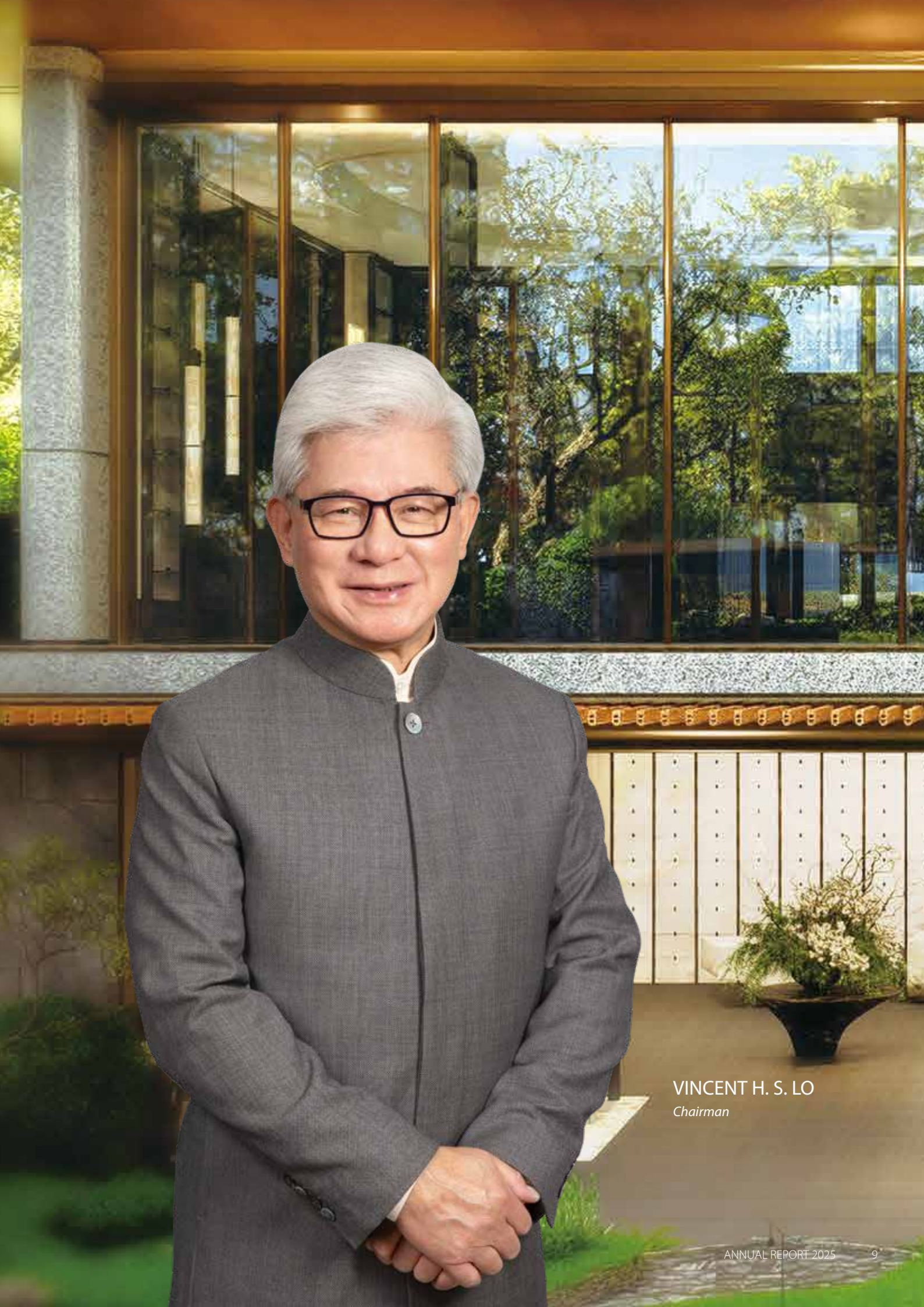
The operating environment for the Group's businesses remained challenging in 2025. Despite persistent geopolitical uncertainties and trade tensions, China's economy achieved its 5% growth target, even as it continued to undergo structural transition. However, consumer confidence remained muted, while the property market was generally subdued. Selective policy easing early in the year brought a brief improvement in sentiment, but the recovery proved short-lived, with property sales softening again from the second quarter. Against this backdrop, developers across the country continued to confront liquidity constraints and operational pressures.

The Group reported a loss attributable to shareholders of RMB1,782 million in 2025, mainly due to downward revaluation adjustments on investment properties and impairment losses on inventories. It should be noted that such fair value losses are non-cash in nature and have no impact on either operating cash flows or core earnings. The Group's overall operating performance for the year remained resilient. Excluding the decrease in fair value of investment properties, the Group's core earnings were RMB397 million. Total rental and related income (including joint ventures and associates) increased to RMB3,625 million, while recognised property sales (after deduction of applicable taxes) amounted to RMB5,581 million.

Relentless Focus on Capital Management

Prudent and proactive capital management remained a central priority for the Group in 2025. The prolonged adjustment and correction of China's property sector, combined with constrained access to offshore financing channels, continues to test developers' liquidity and balance sheets. Throughout the year, the Group therefore focused on maintaining financial discipline, safeguarding liquidity and ensuring that all obligations were met in a timely manner.





VINCENT H. S. LO
Chairman

CHAIRMAN'S STATEMENT

The Group's financial position remains healthy. As at 31 December 2025, the Group's net gearing ratio stood at 52%, supported by cash and bank deposits of RMB6,451 million. We successfully fulfilled all financial obligations during the year, including the USD490 million senior notes due on 3 March 2025. Since 2021, a total gross amount of RMB48.6 billion of offshore debts has been repaid. As a result, the proportion of foreign-currency funding has been reduced substantially, from 77% in 2021 to 19% at the end of 2025. This in turn has substantially lowered the Group's overall cost of debt.

To enhance liquidity and optimise the Group's capital structure, we adopt a diversified approach to funding. This includes issuance of Commercial Mortgage-Backed Securities, selective asset disposals, repurchases of USD senior bonds, onshore financing initiatives and restructuring measures where appropriate. These actions not only strengthened the balance sheet but also supported the steady operation of our businesses under challenging market conditions.

Looking ahead, ensuring sufficient liquidity will remain our utmost priority. We will continue to exercise strong discipline in cost control, maintain a prudent investment stance and proactively manage our debt profile.

Xintiandi Communities Bring Places to Life

Throughout 2025, China's commercial property market presented a challenging landscape, characterised by a universal downward trend in rents across both the office and retail sectors. The office segment remained under pressure owing to persistent supply-demand imbalances, with uncertainty weighing on business sentiment and corporates' appetite for expansion. Meanwhile, the retail sector continued to undergo a reshaping of consumption patterns. Cultural and experiential spending, along with inbound tourism, have increasingly emerged as key drivers of retail demand. Despite this mixed picture, the Group's total rental and related income (including joint ventures and associates) continued its growth trend for the third consecutive year, rising 2% year-on-year to RMB3,625 million.

A major milestone during the year was the elevation of "Xintiandi" from a commercial brand to a comprehensive community brand that reflects decades of experience in urban regeneration and community operation. Under this new framework, Xintiandi embodies a forward-thinking lifestyle that celebrates cultural and natural heritage while embracing innovation, creativity and sustainability.

Xintiandi communities proved its strength in 2025. Average retail occupancy remained stable at 94%, with footfall and sales rising by 12% and 15% respectively. Two newly opened projects, namely Xintiandi Dongtaoli in Shanghai and KIC Park in Wuhan, further expanded our recurring income generating portfolio. While the national office market remained subdued, our mature portfolio centred on Shanghai maintained a high average occupancy of 93%, supported by a refined leasing strategy, strong tenant relationships and differentiated community services. These strengths enabled our commercial assets to remain resilient despite the market volatility.

Lakeville Brand Redefines Urban Living

The supply-demand dynamics in China's residential market have shifted significantly, with the market continuing its adjustment in 2025. The volume and value of nationwide residential property sales fell by 9.2% and 13% year-on-year respectively in 2025. While first-tier and core second-tier cities continued to demonstrate relative resilience, supported by their stronger economic fundamentals, even they were not immune to market pressures in the second half of the year, reflecting a more cautious demand environment. Nonetheless, the high-end residential segment continued to stand out, with demand remaining comparatively strong as homebuyers increasingly prioritised product quality, service standards and long-term value retention.

Against this backdrop, the Group achieved contracted sales of RMB7,916 million in 2025, alongside RMB639 million of subscribed sales that are expected to convert into contracted sales in the coming months. Our flagship luxury living brand, Lakeville, continued to set benchmarks for premium urban living. Building on the strong performance of the Lakeville VI high-rise residences, the newest collection of heritage-inspired villas attracted significant interest from high-net-worth buyers. All villas and townhouses with pre-sale permits have been sold with an average price of RMB311,000 per sq.m.. The remaining villas and townhouses are ready for sales contracts to be signed once the pre-sale permit is obtained. This success reflects the enduring strength of the Lakeville brand and the confidence that discerning buyers place in our quality and service, and the premium lifestyle they create.

The Lakeville brand also continued to unlock new partnership opportunities in the premium segment. During the year, we expanded our Asset Light collaborations to undertake two new high-end residential projects, Yong Xin Li and Yong Nian Li, within Shanghai Xintiandi community. These projects will be developed and operated under the Lakeville brand, reinforcing our best-in-class product strategy.

Wuhan remained our largest regional market outside Shanghai. The final phase of Wuhan Xintiandi's residential development launched at the end of November, achieving strong demand. As at year-end, over 70% of units had been subscribed. The success of the Lakeville VI villas and the final phase of Wuhan Xintiandi reaffirms that premium assets offering "good homes and good services" continue to outperform and remain the preferred choice of high-net-worth individuals, even amid broader market weakness.

Sustainability Builds Community Resilience and Vibrancy

The strategic elevation of Xintiandi to a community brand reflects our conviction that the future of cities is shaped by communities, not standalone buildings. Our commitment to a low-carbon, climate-resilient, and culturally rich future is built into every community we develop and manage.

Guided by our 5C Sustainability Strategy, we are making concrete progress towards our 2030 decarbonisation targets by securing renewable electricity usage, implementing energy-reduction measures, deepening tenant engagement and continuing the use of lower-carbon emission materials in our developments. These efforts delivered a 57% reduction in Scope 1 & 2 emissions intensity and a 32% reduction in Scope 3 tenant emissions intensity versus our 2019 baseline. In parallel, we are strengthening climate resilience by embedding clear measures across the project lifecycle, from master-planning through operations, to prepare our assets better for physical climate risks.

Our performance is further evidenced by external recognition from leading benchmarks. In 2025, we achieved GRESB 5 Star and HKQAA "AA" ratings, while maintaining our leadership status on the CDP "A-List" in Climate. We were also honoured with the "Most Sustainable Organisations Awards" from the Hong Kong Institute of Certified Public Accountants. Together, these recognitions validate our capability to create sustainable communities, reinforcing that sustainability is embedded in our DNA as we build best-in-class, premium urban communities.

Outlook

Looking ahead, the global geopolitical landscape remains complex and marked by heightened volatility, requiring strategic vigilance. Global economic growth is projected to moderate as geopolitical tensions increasingly redefine trade relations and technological competition, suggesting that economic uncertainties will likely persist.

Domestically, the period of the 15th Five-Year Plan represents a critical phase in China's transition toward high-quality development. The Plan outlines strategic long-term opportunities, with a decisive emphasis on stimulating domestic demand, scientific and technological self-reliance through innovation, as well as the development of smart and green cities. These initiatives support national goals for sustainable growth and common prosperity.

China's property market is expected to remain in transition for the foreseeable future, as the sector moves toward a more sustainable, demand-driven development model. Market conditions are likely to remain challenging in the near term and the divergence between cities will continue to widen. Top-tier cities are expected to continue attracting population inflows, capital and talent, hence high-quality assets in these cities are expected to remain in demand. At the local level, provincial and municipal governments nationwide have intensified their focus on promoting urban regeneration. Shanghai has launched a comprehensive initiative to accelerate urban village renewal from 2026 onward, a strategic move designed to drive the city's highquality development.

Within this evolving context, the Group will continue to identify suitable investment and urban regeneration opportunities in top-tier cities in the Yangtze River Delta and Greater Bay Area in a prudent and disciplined manner, with Shanghai remaining our strongest foothold. Following the start of public infrastructure construction in July 2025, our urban village renewal project Zhaolou Xintiandi in Shanghai successfully secured its first residential plot in January 2026. The entire project is scheduled to be completed and launched in 2032.

In parallel, we will continue to broaden access to external sources of capital and expand strategic partnerships in accordance with the Asset Light strategy, leveraging our strengths in urban regeneration and community operation. In November, we entered into our latest such partnership, with Shanghai Lujiazui (Group) Co., Ltd., Shanghai Pudong New Area Real Estate (Group) Co., Ltd. and Shanghai Sanlin Asset Management (Group) Co., Ltd. to undertake another urban village renewal project at Sanlin in the Pudong New Area of Shanghai. The Group has an effective 13.26% interest in the project, which represents an excellent opportunity to unleash our brand advantage to develop a new landmark in one of Shanghai's most dynamic districts.

Appreciation to our Stakeholders

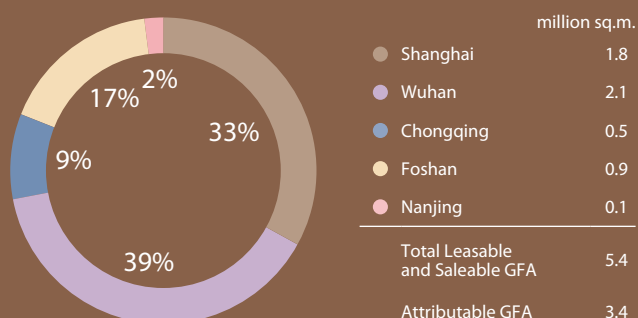
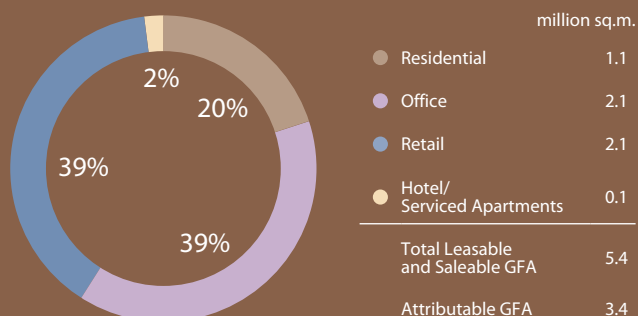
Finally, I would like to express my sincere gratitude to my fellow Board members for their counsel, and to our management team and employees for helping the Group to remain resilient during another year of challenges. I am also grateful to our shareholders, partners and customers for their continued 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.



VINCENT H. S. LO
Chairman
Hong Kong, 26 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

Landbank as of 31 December 2025



Total landbank GFA

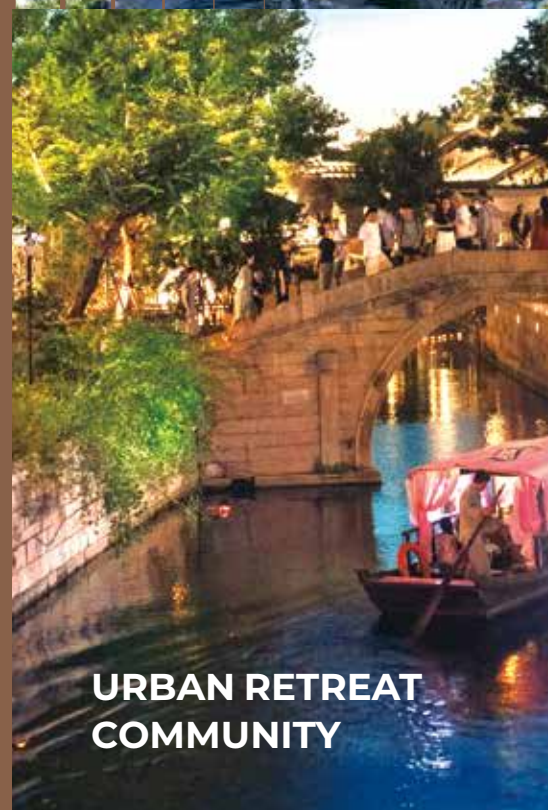
7,164,000
sq.m.

Leading player in Shanghai commercial real estate with GFA of

1,600,000
sq.m.



GREATER XINTIANDI COMMUNITY



URBAN RETREAT COMMUNITY



NEIGHBORHOOD
COMMUNITY

生活总有新天地

BRING PLACES TO LIFE



KNOWLEDGE
COMMUNITY

PROJECT PROFILES

SHANGHAI

Shanghai Xintiandi

Shanghai Xintiandi has a total gross floor area (“GFA”) of 1.2 million sq.m. and is located in Huangpu District, the main commercial centre of Shanghai’s Puxi region along the western bank of the Huangpu River. The project is connected by Shanghai Metro Lines 1, 8, 10, 13 and 14, all of which are in active operation. The project, which began its multi-phase development in 1996, comprises retail, office, residential and cultural properties.

Xintiandi Shikumen Block, a historic restoration zone successfully rejuvenated and reshaped into a lifestyle community, offers a wide selection of terrace restaurants and retail options, making it a must-visit destination in Shanghai. As the city’s premier lifestyle destination, Xintiandi Shikumen Block continues to attract new tenants from across the world and has enjoyed steady rental growth since its opening in 2001. Shui On Plaza comprises an office tower with a retail podium. Xintiandi Style, located south of Xintiandi Shikumen Block, is a fashion-themed shopping mall featuring many domestic fashion brands. It underwent an asset enhancement initiative (“AEI”) in October 2021. The AEI was completed at the end of 2022 and Xintiandi Style soft-opened in January 2023.

Lakeville is located in the heart of the Shanghai Xintiandi community, overlooking the lush greenery of Xintiandi and the scenic Taipingqiao Lake. After more than two decades of development, Lakeville has become synonymous with Shanghai’s luxury lifestyle and stands as a distinctive community with authentic Shanghai charm and character. The development encompasses over 400,000 sq.m. of high-end residential complexes across its five phases. Currently under development, Lakeville VI, is a joint venture between Shui On Land and Shanghai Yongye. This newest addition will feature a 180-metre high-rise residential tower alongside bespoke villas and townhouses capturing Shanghai’s historical charm. Lakeville VI will not only transform the Puxi skyline but also set new standards in both product quality and service excellence.

5 Corporate Avenue and Xintiandi Hubindao are, respectively, a 52,000 sq.m. GFA Grade-A office building and a 27,000 sq.m. GFA retail component. The building was completed in 2013. The Group held an effective interest of 44.55% as of 31 December 2025.

CPIC Xintiandi Commercial Centre (Lots 123, 124 and 132) is a commercial complex comprising three towers of premium Grade-A office buildings with a total GFA of 191,000 sq.m., together with a street style all-weather shopping and leisure/entertainment area for a total GFA of 84,000 sq.m.. The Group has an effective interest of 25%. Lot 132 (CPIC Life Tower), with a total GFA of 30,000 sq.m. of office space, 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.





PROJECT PROFILES



Panlong Xintiandi

Panlong Xintiandi comprises residential sites, culture and recreation areas, restaurant and hotel developments, as well as parkland and open space for the public. The project is located in Shanghai's Qingpu District, which is part of the Hongqiao central business district ("CBD"). It is next to Panlong Station on Metro Line 17 and is just two train stops or 3 km away from the Hongqiao Transportation Hub.

For the residential segment, the Group has successfully developed, sold and delivered a total GFA of approximately 246,000 sq.m. over three phases from 2019 to 2024. Among these, the final phases of Jingyuan and Zhenyuan were launched in July 2022. We received over 2,000 subscriptions for the 571 units offered. A total of 1,062 customers entered the final ballot process, which was carried out in accordance with government policy with an entry score of 91.22 – a record-high score for Shanghai at that time.

The retail facilities opened at the end of April 2023, marking 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. The Group holds an 80% interest in the development.

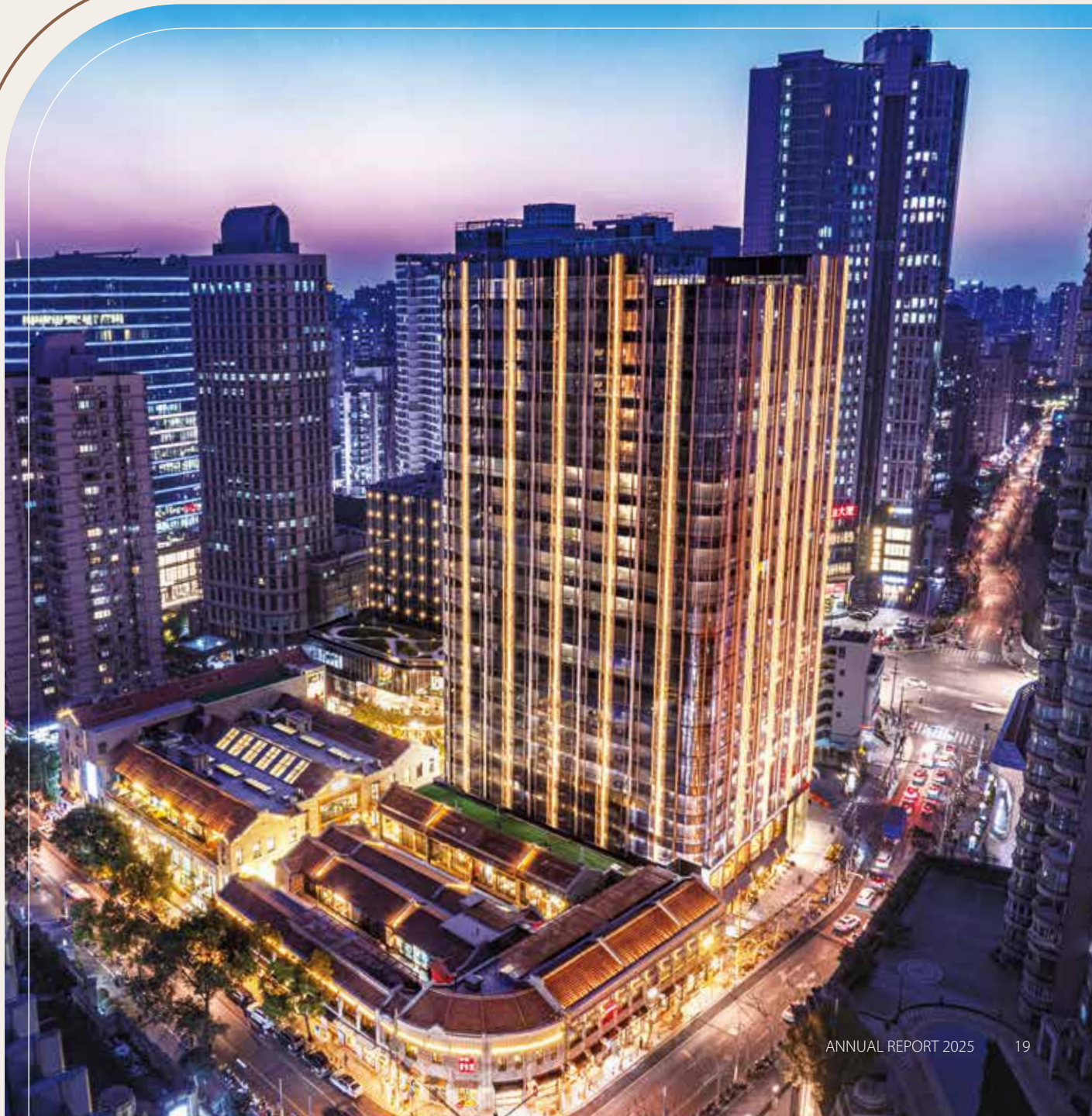
The Panlong Xintiandi project received a Gold Award for Best Future Mega Project in 2020, and in 2023 was recognised with a Gold Award for Best Retail Project and a Silver Award for Best Hospitality, Tourism and Leisure Project in the MIPIM Asia Awards. In 2025, it was named a national-level tourism and leisure block by the Ministry of Culture and Tourism.

Hong Shou Fang

Hong Shou Fang is an urban regeneration initiative 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 connected 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 designed for Grade-A office use and 14,000 sq.m. for entertainment, restaurants, and retail, achieved through the restoration of existing historic buildings. The project opened at the end of September 2023.

The project company became a joint venture project following the completion of the disposal of a 65% equity interest in January 2024.

Since its opening, Hong Shou Fang has become a local landmark and serves as our signature neighbourhood centre project. Shopper traffic has remained high, marking a significant milestone in our neighbourhood community product line-up.



PROJECT PROFILES

Riverville

Acquisition Date	December 2022
Property	Block 6, Pingliang Street, Yangpu District, Shanghai
Site Area	16,993.8 sq.m.
Total GFA	23,791.32 sq.m.
Land Usage	Residential
Terms	70 Years
Consideration	RMB2,469 Million
Group interest	60%
Joint Venture Partner	Shanghai Yangshupu Real Estate Co., Ltd

This is a heritage preservation and development project that involves the development of a high-end, low-density residential community, comprising 90 units with sizes ranging from 160 to 410 sq.m.. Situated in the Yangpu Riverside Zone, which is part of the “Central Activities Zone” outlined in the “Shanghai Master Plan 2017-2035”, the project is in close proximity to the Huangpu River and the inner-ring road elevated expressway, with convenient access to three metro lines. The Yangpu Riverside Zone is positioned as the pilot area for the development of the Internet industry and is currently home to the headquarters of several key players. Given its location and development potential, the development is expected to appeal to high-net-worth individuals and benefit from the anticipated rise in demand for high-end residential development. Pre-sale for this project started in the second half of 2024. As of 31 December 2025, a total GFA of 10,100 sq.m. has been contracted, of which a GFA of 8,200 sq.m., involving 36 units, has been delivered to buyers. The Group holds a 60% interest in the development.



Ruihong Xintiandi

Ruihong Xintiandi is located within the inner ring of Shanghai in Hongkou District. This district, which has a long history and is currently undergoing urban renewal, enjoys excellent connectivity to the Lujiazui CBD and Pudong commercial district via Metro Lines 4, 8, 10 and 12, as well as the Xinjian Road and Dalian Road tunnels. Ruihong Xintiandi, a fashionable urban living destination, forms an integrated community comprising office buildings, shopping centres, hotels, culture and entertainment spaces and residential properties.

For the residential segment, the Group has developed, sold and delivered a total GFA of approximately 1,113,000 sq.m., completed over ten phases between 1998 and 2023.

Ocean One (Lot 7) (Phase 9) has a total GFA of 161,000 sq.m. for residential use and 2,000 sq.m. for retail purposes. The final batch was launched in January 2022, and all towers have been completed and handed over to buyers. The Group holds a 49.5% effective interest in Lot 7.

Park Vera (Lot 167 A) (Phase 10) has a total GFA of 86,000 sq.m. for residential use and 1,000 sq.m. for retail purposes. The residential units were launched in June 2022 with all units sold and handed over to the buyers. The Group holds a 49.0% effective interest in Lot 167A.

Hall of the Sun and Ruihong Corporate Avenue (Ruihong Xintiandi Lot 10), which have a total leasable GFA of 330,000 sq.m., form a commercial complex comprising two Grade-A office buildings and a shopping mall. Hall of the Sun opened in September 2021, while Ruihong Corporate Avenue welcomed its first tenant in October 2021. With a total leasable GFA of 185,000 sq.m., Hall of the Sun is home to over 100 food and beverage ("F&B") tenants and has attracted numerous brands to launch their first or flagship stores.

Hall of the Moon (Ruihong Xintiandi Lot 3), which has a total leasable GFA of 64,000 sq.m., held its grand opening in June 2017. The development offers a range of attractive features, including cultural and entertainment experiences, as well as nightlife offerings.

Hall of the Stars (Ruihong Xintiandi Lot 6), with a total leasable GFA of 19,000 sq.m., commenced operations in 2015 and is positioned as a parent-child experiential shopping street, offering an integrated mix of dining, retail, personal care and children-related services.

The Group holds a 49.5% effective interest in the commercial properties.

In 2022, the project won the Urban Land Institute ("ULI") Asia Award for Excellence.



PROJECT PROFILES



KIC Shanghai

KIC Shanghai is strategically located in Wujiaochang City Sub-centre, in Shanghai's Yangpu District. It is in the immediate vicinity of major universities and colleges and is well connected by Metro Lines 10 and 18.

KIC Shanghai, with a total GFA of 501,000 sq.m., is an international knowledge community that aims to fully integrate an office park, college campus and residential neighbourhood, and inspire the spirit of "live-work-play-learn". After more than 20 years of development and operation, KIC has become not only a landmark of innovation, creativity and entrepreneurship, but also a symbol of dynamic culture, knowledge networking, healthy living and youth empowerment.

Over 500 pioneering start-ups, burgeoning unicorns and established industrial leaders, together with the adjacent universities, constitute a vibrant ecosystem. New ideas, new opportunities and new businesses all flourish here. Technology, media, telecommunications and professional services are the project's main industries. Notable corporations based in the community include Dell EMC, Ebao, VMware, SUNMI, ATRenew, Agora and AECOM.

The project's most vibrant commercial block, University Avenue, offers a wide selection of gourmet cuisines, cafés, bookshops, and retail stores. Since its grand opening in May 2024, the "University Avenue Weekend Limited-time Pedestrian Street" has attracted

millions of visitors from near and far. Here, diverse events and displays bring people together and elevate KIC's "Lifestyles of Health and Sustainability", bolstering its commercial vitality.

In July 2025, motivated by Shanghai's supportive policies on promoting the high quality development of the Internet content industry, V Hub launched in KIC. More than just providing physical workspace and live streaming studios, V Hub attracts nationwide content creators, bloggers and influencers on multiple online platforms, connects resources from universities, companies and government, incubates Multi Channel Network – start-ups, and aspires to build a globally minded creative ecosystem. V Hub resonates with KIC's innovative culture, bringing diversified people, popularity and potential commercial opportunities as well.

The Group has 46.33% effective interest in this project.

Inno KIC

Inno KIC is located in the Xinjiangwan CBD of Yangpu District, Shanghai, with an above-ground construction area of 45,800 sq.m.

Inno KIC is one of the several projects developed by SHUI ON WORKX, aimed at providing a complete lifecycle workspace solution for start-ups, as well as small, medium and large enterprises. As of



31 December 2025, Block B, with a GFA 19,000 sq.m., has been leased to Ping An, while the subsidiary building of Block A with GFA 3,900 sq.m., has been leased to Atour Hotel. The project introduces a new business social platform that integrates work, entrepreneurship, learning, and leisure, covering the four major product modules: INNO SOCIAL, INNO STUDIO, INNO WORK and INNO OFFICE. It also includes a service system built around the SHUI ON WORKX mobile application as well as INNO SPACE – a platform that provides incubation support and corporate policy consultancy services. The ultimate objective of this project is to create a diversified working ecosystem that promotes the growth and development of enterprises. The Group holds a 100% interest in this project.

Hongqiao Xintiandi

Hongqiao Xintiandi has a total GFA of 308,000 sq.m. and is strategically located at the heart of the Shanghai Hongqiao CBD. It is the only site that is directly connected to the Hongqiao Transportation Hub, providing convenient access to major transportation nodes such as the High-Speed Railway Station, Hongqiao International Airport Terminal 2 and three operating metro lines. In line with the country's call for a "high-quality and high standard opening up to the wider world", the Hongqiao hub is positioned to play an important and strategic role in connecting international and domestic markets, while driving the integrated development of the Yangtze River Delta.

Construction of Hongqiao Xintiandi commenced in 2011 and was completed in the second half of 2015. Today it stands as a new business, cultural and lifestyle landmark, comprising a large retail component, office space, and a performance and exhibition centre. Hongqiao Xintiandi therefore enjoys a unique market positioning, through a seamless integration of shopping, F&B, entertainment and performing arts, as well as child and family-friendly experiences.

Four office towers with a total leasable GFA of 90,000 sq.m. house the regional headquarters and branch offices of leading companies in various industries. Since late 2014, tenants have included Fortune 500 companies such as Shell (Downstream Business Headquarters), CRCC (East China Regional Headquarters) and Li Auto (East China Regional Headquarters).

The combined retail portfolio has a total GFA of 173,000 sq.m. including Hongqiao Xintiandi shopping mall, Xintiandi sunken plaza, office retail space and a performance centre. Tenants have been operating in the development since the second half of 2015. The shopping mall, which has a total GFA of 125,000 sq.m., accommodates over 200 shops and offers a strong tenant mix with many brands making their first appearance in China and/or Shanghai.

In 2021, Hongqiao Xintiandi project received the ULI Global Award for Excellence and also obtained the WELL Health-Safety Rating for Facility Operations and Management.



WUHAN

Wuhan Xintiandi

The Wuhan Xintiandi project has a total GFA of 1.37 million sq.m.. It is located in the centre of Hankou District, occupying a prime location on the Yangtze River waterfront, enjoying unparalleled views of the Yangtze River and the scenic Jiangtan Park.

The Wuhan Xintiandi project is a large-scale, mixed-use redevelopment comprising two major sites.

Wuhan Xintiandi (Lot A4) commenced operations in 2007 and has since become a well-recognised landmark in Wuhan, striking a careful balance between preserving local historical architecture and injecting new commercial value.

The South Hall of HORIZON (Lots A1/A2/A3), which has a total GFA of 121,000 sq.m., commenced operations in September 2016. It is a one-stop shopping centre featuring nearly 200 global fashion brands that not only promotes cutting-edge, modern fashion, but also provides a wide range of products and services to consumers. The North Hall of HORIZON (Lot B4 retail), which has a total GFA of 71,000 sq.m., held its grand opening in November 2019. It is positioned as a family-oriented retail destination serving the residents of the Wuhan Xintiandi Community and the surrounding neighbourhoods. The property is directly connected to Light Rail Line 1.

The office towers at Lots A2, A3 and A5, which have a total GFA of 156,000 sq.m., have been sold to buyers since 2011. 1 Corporate Avenue, Wuhan is a high-rise office tower located within the Wuhan Xintiandi Community, comprising a 73-storey Grade-A office building. It was completed in 2021 and is currently in the process of being leased.

Residential developments in Wuhan Xintiandi have been well received by the market. As of 31 December 2025, the Group has successfully developed, sold and delivered a total GFA of approximately 694,000 sq.m..

La Riva III (Lot B12) with a total GFA of 71,000 sq.m. for residential use and 1,000 sq.m. for retail use was launched in May 2023. The pre-sale price was the highest ever achieved in Wuhan. As of 31 December 2025, all units have been delivered to buyers.

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.

In 2021, the Wuhan Xintiandi project received the ULI Asia Pacific Award for Excellence.



Wuhan Changjiang Tiandi

Wuhan Changjiang Tiandi is in the ancient city of Wuchang in Wuhan, facing the Yangtze River to the west and the Second Ring Road to the south, just 1.5 kilometres away from the Yellow Crane Pavilion. The site has rich ecological and historical value, being situated on the original grounds of the Wuhan Shipyard, and serves as a symbol of Wuhan's industrial and cultural heritage.

The project comprises a large-scale master planned district that includes the development of residential, office and commercial buildings, international schools, and other public facilities.

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.

KIC Wuhan

KIC Wuhan which has a total GFA of 1.27 million sq.m., is located in the central area of Optics Valley Central City. Optics Valley is located in Wuhan's East Lake High-tech Development Zone, which rose to sixth place in the comprehensive ranking of national high-tech zones in 2025. It is also one of the country's National Innovation Demonstration and Free Trade Zones. Optics Valley Central City serves as the engine of the national innovation zone and is positioned to become a world-class innovation centre.

Since construction began in December 2017, residential developments in KIC Wuhan have been successfully developed, sold and delivered with a total GFA of 335,500 sq.m.. Construction for the fourth phase, Lots R7 and R8, with a total saleable GFA of 73,000 sq.m., began in November 2021. 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.

Office buildings on Lots B10-13, with a total GFA of 132,300 sq.m., have been developed for sale, with construction having commenced in November 2020. As of 31 December 2025, a total GFA of 99,700 sq.m. has been delivered to buyers. Meanwhile, office buildings on Lots B14-17, with a total GFA of 197,000 sq.m., were customised for a leading technology company in 2021 and delivered in November 2025.

PROJECT PROFILES



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.

The Group holds a 50% interest in the development.

CHONGQING

Chongqing Xintiandi is located in Yuzhong District. It is an urban renewal project with a total planned GFA of 2.8 million sq.m..

Chongqing Xintiandi Block is a 49,000 sq.m. historic restoration zone within Chongqing Xintiandi, which has been successfully rejuvenated and transformed into a lifestyle community. Operational since 2010, Chongqing Xintiandi Block offers a wide selection of terrace restaurants and retail outlets.

Chongqing 2, 3-5 and 6-8 Corporate Avenue are commercial properties within the Chongqing Xintiandi development. With a total office GFA of 351,000 sq.m., these properties were sold to buyers between 2011 and 2013. The commercial properties also comprise ancillary retail space of 79,000 sq.m., in which the Group continued to hold a 99% effective interest. These retail areas provide F&B, entertainment and other amenities to office tenants and residents in the neighbourhood.

Residential phases 1 to 9 within the development have been completed and progressively delivered to customers since 2008.

On 26 May 2017, the Group sold a 79.2% effective interest in the portfolio of 11 land parcels at Chongqing Xintiandi (the "Chongqing Partnership Portfolio"). The transaction was completed on 29 June 2017. As a result, the Group now holds an effective interest of 19.8% in the partnership portfolio.

FOSHAN

Lingnan Xintiandi is strategically located in the old town centre of Chancheng District, Foshan's traditional downtown area and public transportation hub. The project enjoys good connectivity, with two stations on the Guangzhou-Foshan metro line directly linked to the site. This includes the Guangfo Metro Line 1, which connects to Guangzhou, and an extended line that commenced operations



in 2018, running from Xilang Station to Lijiao Station and passing through the Zhujiang river. The master plan of the Foshan Lingnan Xintiandi project covers areas with a total GFA of 1.5 million sq.m..

The project is a large-scale urban redevelopment comprising office, retail, hotel, cultural facilities and residential complexes within an integrated community. It benefits from two national-grade heritage sites located within its community, which serve as the centerpieces of Foshan's cultural heritage: Zumiao, an immaculately preserved ancient Taoist temple; and Donghuali, a well-known historic area.

Lingnan Xintiandi is the historic restoration zone of the project and has a total GFA of 55,000 sq.m.. It has been restored in three phases and successfully reshaped into a lifestyle community, offering a wide selection of terrace restaurants and retail outlets. NOVA, located adjacent to Lingnan Xintiandi, sits at the centre of Chancheng District, with direct access to the Zumiao Metro Station. As a mixed-use commercial complex comprising office and retail space, it serves the urban middle-class population of the city with trendy shopping, entertainment and lifestyle offerings. Lingnan Xintiandi Commercial Plaza is an office building that sits on top of NOVA. It caters primarily to domestic companies and small and medium enterprises, providing convenient office accommodation with easy accessibility.

Since 2011, the Group has developed and delivered residential units with a total GFA of approximately 389,000 sq.m..

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.

In 2019, the Foshan project received the ULI Asia-Pacific Excellence Award and Global Excellence Award. In 2024, the project became one of the National-Level Night-time Cultural and Tourism Consumption Clusters.

In 2025, the project was officially renamed Lingnan Xintiandi reflecting that it is to be developed as an urban retreat community in the Greater Bay Area.

NANJING

Nanjing IFC is a mixed-use Grade-A landmark property, located at No. 1 Hanzhong Road, Qinhuai District, Nanjing, the capital city of Jiangsu Province. Nanjing IFC comprises a 45-storey Grade-A office tower, a 7-storey retail podium, and 181 underground parking lots.



BUSINESS REVIEW





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 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.

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.



BUSINESS REVIEW

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 carparks) 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:

- The calculation of ASP per sq.m. is based on gross sales revenue before deducting applicable taxes.
- ASP of Chongqing residential sales is based on net floor area, a common market practice in the region.
- Chongqing Tiandi partnership portfolio is a project developed by associates of the Group. The Group holds a 19.8% interest in the partnership portfolio.
- 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:

- 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.
- 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	GFA sold	ASP	Contracted amount	GFA sold	ASP
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	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	553	18,000	30,700
Wuhan Changjiang Tiandi	979	38,500	25,400	389	22,100	17,600
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:

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

BUSINESS REVIEW

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	Available for sale and pre-sale in 2026		
		GFA in sq.m.	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

Note:

1 Previously known as Shanghai Beigang Urban Village.

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.

PROPERTY DEVELOPMENT

Residential Development Saleable Resources as of 31 December 2025

Project	Approximate Saleable Residential GFA	Estimated Gross Saleable Resource	The Group's Interests	Estimated Attributable Sales
	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 sq.m.	Retail GFA sq.m.	Total GFA sq.m.	The Group's Interests	Attributable GFA 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.

BUSINESS REVIEW

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	Carrying value as of 31 December 2025	Fair value gain/(loss) to carrying value	Attributable carrying value to the Group
		RMB'million	RMB'million	%	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:

- 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.
- 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	Occupancy rate
		sq.m.	31 December 2025
Shanghai Xintiandi			
Xintiandi Shikumen Block	Office/ Retail	54,000	99%
Xintiandi Style	Retail	26,000	96%
Shui On Plaza & 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.

BUSINESS REVIEW

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.

BUSINESS REVIEW

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	Estimated commercial GFA	Estimated project periods	The Group's interests
		sq.m.	sq.m.		
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.

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	Clubhouse carpark, and other facilities	Total
	Residential	Office	Retail	Hotel/ serviced apartments			
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	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
Nanjiao 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:

- 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.
- 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%.
- 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.
- The Group has effective interests of 99.00%.
- The Group has effective interests of 19.80%.
- The Group has a 50.00% interest in Lot 122.
- The Group has a 5.00% interest in the project.
- Previously known as The Hub.

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.

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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 RMB'million	2024 RMB'million	Change %
(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	–	
Net effect of changes in the valuation	2,179	270	
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).

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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.

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

MARKET OUTLOOK

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.

SUSTAINABILITY REPORT



Sustainability Landscape of China

In 2025, China continued advancing its sustainability agenda, signalling a more ambitious shift toward high-quality, low-carbon development amid an evolving economic landscape. The government strengthened its national climate commitments by announcing an updated Nationally Determined Contribution (NDC), including a 2035 interim decarbonisation target to reduce economy-wide net greenhouse gas emissions by 7–10% from peak levels, outlining a clearer pathway for emissions reduction and energy transition. Regulatory clarity on sustainability disclosures also progressed. Following the 2024 issuance of the *Sustainability Disclosure Standard for Business Enterprises – Basic Standard (Trial)*, the Ministry of Finance and other authorities released the *Corporate Sustainability Disclosure Standard No. 1 – Climate (Trial)* in December 2025. Together, these establish a comprehensive national framework for sustainability disclosure including climate risk mitigation and adaptation through 2030.

In parallel, China introduced new guidelines which provide stronger policy and financial support for urban renewal projects to promote high-quality urban development and improve living conditions in ageing communities. This aligns with the Ministry of Housing and Urban-Rural Development (MOHURD)'s call to advance the establishment of "Good Housing, Good Neighbourhoods, Good Communities and Good Urban Districts," reinforcing the broader vision of building a People's City.

These advances were further reinforced by the formulation of the 15th Five-Year Plan, which elevates sustainability as a core pillar of national development. The Plan calls for safe, comfortable, eco-friendly and smart housing, supported by full lifecycle safety management, and accelerated adoption of greener, low-carbon lifestyles.

Anchored in our 5C Strategy, Shui On Land continues strengthening sustainability governance and embedding sustainability across the entire project lifecycle in alignment with China's evolving regulatory and market landscape. Supporting national priorities for high-quality urban development, we leverage our role as a leading urban solution provider to deliver people-centred, mixed-use communities through ongoing urban renewal projects. We also enhanced climate resilience of our assets by embedding the *Shui On Land Resilience and Adaptation Guideline for Physical Climate Risks* into our development process and asset operation.

Our progress has been recognised through improved external ratings. In 2025, our GRESB rating increased to 5 Star, our HKQAA rating improved to "AA", and we remained as a CDP "A-List" company. We also received the "Decarbonisation Award" from the American Chamber of Commerce in Shanghai and the "Most Sustainable Organisation Award" at the "Best Corporate Governance & ESG Awards 2025" from the Hong Kong Institute of Certified Public Accountants. These achievements reflect strong performance, transparency, and our ongoing commitment to sustainability excellence.

HKQAA

AA

HKQAA Sustainability
Rating and Research



GRESB

5 Star

GRESB (SCOV¹ only)



A List – Climate
A List – Supplier
Engagement Assessment

CDP



Hang Seng Corporate
Sustainability Index
Series Newstar 2025-2026

Constituent

Hang Seng Corporate
Sustainability
Benchmark Index

¹ The Shui On Land Core-Plus Office Venture



Our Performance in 2025 – Community

Key Highlights of 2025

- Unveiled the new “Xintiandi” Community Brand, launching four adaptable community models as integrated urban development solutions
- Panlong Xintiandi won the 2025 ULI Asia-Pacific Award for Excellence and was named a National-level Tourism and Leisure Block by the Ministry of Culture and Tourism; Hong Shou Fang received the “Outstanding Award” in the “Shanghai Urban Regeneration Outstanding Practice Case”
- Established a comprehensive Product Sustainability Standard to embed sustainability across our community development and operations
- Achieved Green Pledge signatories from 100% of F&B tenants, 98.6% of retail tenants and 98.4% of office tenants. Launched the “XINTIANDI GREENOVATORS” with 10 pioneering tenants as co-creators of our sustainability ecosystem
- Implemented circular furniture solutions across 21,000m² of leased office space, and conducted energy audits for 35 tenants over three years to improve energy efficiency
- Scaled YEAHH PARK as an ecosystem for active living, partnering with 150+ community groups to deliver 700+ events and activating 100,000+ participants to embrace healthy and vibrant lifestyles

Elevation of the “Xintiandi” Community Brand

In 2025, Shui On Land elevated “Xintiandi” from a commercial identity to a comprehensive urban community brand, reflecting our role as an urban community solution provider and our long-standing commitment to people-centred, sustainable development. Anchored in the proposition “Bring places to life”, the brand integrates heritage preservation, integrated development and longterm operations.



Through our four adaptable community models—Greater XTD, Neighbourhood, Urban Retreat and Knowledge Communities—we provide flexible solutions tailored for diverse city contexts. This strategic evolution unifies our residential, office, commercial and cultural ecosystems, redefining how people live, work, and connect, shaping the next generation of sustainable urban environments.

Embedding Sustainability into our Project Lifecycle

Building upon our efforts in 2024 to integrate sustainability in master-planning for all new large-scale community developments, we expanded this commitment into a comprehensive, lifecycle-wide approach in 2025. By launching the *Shui On Land Product Sustainability Standard*, we now apply a unified framework that ensures sustainability is woven into the fabric of our communities from planning and design through construction and decades of operations.

This Standard serves as a guide for both our communities and building products, integrating climate considerations across our entire portfolio while fostering our partners and suppliers to share our commitment to sustainability. We reinforce this lifecycle approach through dual green and healthy certifications, including LEED for Community, LEED Core and Shell, the WELL Community Standard, the China Green Building Label and the China Healthy Building Label or equivalent, to provide credible assurance of the health and resilience of our urban spaces.

Connecting, Committing and Co-creating with Tenants

Tenants are our key partners in advancing sustainability and we continue to deepen collaboration through our three-tiered approach: Connect, Commit, and Co-Create. In 2025, we maintained a 100% Green Pledge signatory rate for all new tenants, achieving exceptional participation rates of 100% for F&B tenants, 98.6% for retail tenants and 98.4% for office tenants.

Since 2023, we have introduced the Deep Green Lease programme to deepen collaboration and co-create measurable sustainability outcomes. Building on this momentum, we launched the “XINTIANDI GREENOVATORS” tenant sustainability engagement programme in 2025, partnering with ten pioneering tenants to drive decarbonisation, circularity, and improvements in health and wellbeing. While these initiatives celebrate leadership, we have also standardised sustainability and occupational health and safety (OHS) requirements within all leasing contracts, ensuring a high standard of responsibility for every tenant.

SUSTAINABILITY REPORT



Our Performance in 2025 – Clean

Key Highlights of 2025

- Achieved a 57% reduction in Scope 1 & 2 carbon emissions intensity, and a 32% reduction in Scope 3 tenant emissions intensity from the 2019 baseline
- Maintained a 35% portfolio-wide share of renewable electricity, with over 1,000m² of roof-top solar panels installed at CPIC Xintiandi Tower 1 and Tower 2
- Achieved a reduction of 15,645 tonnes of embodied carbon emissions through the use of lower-emission construction materials, including concrete, cement, rebar, and steel
- Developed the *Shui On Land Resilience and Adaptation Guideline for Physical Climate Risks* to embed climate resilience into the project lifecycle and future-proof our assets against physical climate threats
- Over 98% of existing assets by GFA obtained at least one green or healthy building certification with 12 additional green and healthy building certifications obtained in 2025, including five at the operational stage
- Piloted holistic ecological planning at Zhaolou Xintiandi—using ecological zoning and corridors—to advance urban biodiversity and ecological function of the water-town ecosystem

Driving Decarbonisation Forward

Guided by the Group's *Climate Change Policy*, our commitment to achieving net-zero emissions anchors a clear decarbonisation roadmap aligned with our 1.5°C Science-based targets (SBTs). We drive this progress through effective energy management and the strategic adoption of renewable energy. In 2025, we achieved significant efficiency gains with pilot installations of EC fans at Hongqiao Xintiandi with 40% projected energy savings; while AI-driven chiller plant system optimisation—now active across 90% of our operating assets with centralised control system—reduced cooling energy use by an average of 21%. Complementing these efficiencies, we maintained a 35% share of renewable electricity use across our portfolio, a benchmark held since 2024.

Decarbonising our value chain requires translating strategy into tangible tenant action. In 2024, we provided energy and indoor environmental audits for 16 major tenants—10 of whom achieved an average of 9% energy reduction within one year. We extended this service to nine additional tenants in 2025, bringing our three-year total to 35 participating tenants. This collaborative effort to ensure continuous resource efficiency and operational excellence across our leased spaces.

Addressing embodied carbon emissions is a core pillar of our decarbonisation strategy, and we focus on high-impact building materials including concrete, steel, and cement. In 2025, we scaled our low-carbon material supplier inventory to 89 partners and integrated an embodied carbon database into the Shui On Cloud Construction System that enables real-time tracking. Eight ongoing development projects adopted low-carbon materials this year, reducing embodied carbon by 15,645 tonnes compared with national standard values.

Future-proofing our Assets against Climate Change Risks

Since 2023, we have completed comprehensive physical climate risk assessments and onsite self-inspections across all assets, identifying risks associated with extreme precipitation, heatwaves and strong winds. In 2024, we completed a Group-wide and asset-level transition risk scenario analysis, informed by the Network for Greening the Financial System scenarios across three time horizons.

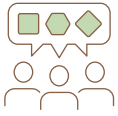
These insights informed the development and release of the *Shui On Land Resilience and Adaptation Guideline for Physical Climate Risks* in 2025, now embedded throughout the project lifecycle to enhance resilience against growing climate-related risks. They also underpin our transition pathway toward achieving our 2030 sustainability targets, providing deeper insight into transition risks and opportunities and strengthening long-term resilience.

Championing Urban Biodiversity Conservation

We recognise the essential role of urban biodiversity in supporting resilient, healthy urban environments. At Zhaolou Xintiandi, we are pioneering a holistic ecological planning approach that includes a revitalisation of its historic water-town ecosystem. This strategy utilises an integrated ecological corridor—supported by “stepping stone” habitats—to enhance connectivity and restore community ecological function.

To ground our efforts in advancing local urban biodiversity, the project team conducted seasonal biodiversity surveys across the site. This citizen-science initiative helped establish a baseline of existing species and habitats in the Xiaoyan Lake area, deepening our collective understanding of the natural heritage we aim to protect.

Beyond physical restoration, we continued our collaboration with The Nature Conservancy (TNC) in 2025, co-organising an urban biodiversity workshop—“Beautiful Urban Biodiversity: The Secret of Nests”—at the new Ether Bloom market in Ruihong Xintiandi. By combining interesting biodiversity concepts with community experience, this initiative fosters a culture of stewardship and strengthens the bond between our residents and the natural world.



Our Performance in 2025 – Culture

Key Highlights of 2025

- Staged the “Heritage Now Festival” at Panlong Xintiandi and Lingnan Xintiandi, engaging over six million visitors through traditional performances and exhibitions, bringing heritage to life and creative festive memories
- Engaged 1.6 million visitors through more than 80 performances during the 2025 Art To Gather Festival, deepening neighbourhood bonds through art and creativity
- Concluded the three-year partnership with Tongji University on Urban Regeneration Talent Development programme, distilling our expertise into a 700-page teaching resource for the industry
- Transformed the historic Dongtaili street into Xintiandi Dongtaili, an 84,000 m² living gallery, featuring 16 “Dongtai Cabinets” that reinterpret the district’s antique heritage
- Nurtured over 50 local young artists through the three-year “RanRan” programme with UCCA, reaching a bold finale with a street exhibition at Xintiandi Dongtai

Urban Regeneration and Adaptive Reuse

By preserving and revitalising local culture while facilitating meaningful cultural exchange, we strengthen community identity and unlock economic value.

We strive to create spaces that promote local culture whilst preserving it for the future generations. This year, we fully integrated adaptive reuse principles into the Riverville Project, repurposing existing buildings for new functions while preserving historical integrity. This approach not only ensures long-term economic and social viability but also seamlessly connects the past with the present.

Apart from utilising adaptive reuse techniques, we aim to equip tomorrow’s leaders with the knowledge to shape sustainable cities. In 2025, we successfully concluded our three-year partnership with Tongji University, delivering over 60 published project outcomes, extensive internal and external knowledge-sharing sessions and courses, and a dedicated pamphlet capturing the programme’s essence. This collaboration has solidified our leadership in urban regeneration and heritage preservation while cultivating a new generation of future urban solution providers. Through these efforts, we continue to set new standards for urban regeneration.



Bringing Heritage to Life

One of our core missions is to rejuvenate heritage with creativity. Through our 2025 “Heritage Now Festival”, we brought historical moments vividly to life by hosting over 60 Mid-Autumn Festival celebration events at Panlong Xintiandi and Lingnan Xintiandi, spotlighting the rich traditions of Jiangnan and Foshan cultures for over six million visitors.

Beyond seasonal activations, we weave cultural storytelling into the permanent fabric of our communities. A prime example is the “Dongtai Cabinets”, where historic moments are illustrated across 16 gates across Xintiandi Dongtaili’s public space. By turning physical infrastructure into a canvas for local history, we ensure that heritage remains a living part of our communities and serves as an educational touchpoint for visitors.

Fostering Cultural Expression and Exchange Platforms

We build platforms that ignite creativity, drive innovation, and breathe life into spaces, connecting communities, fostering collaboration and unlocking commercial potential.

Through the three-year “RanRan” Young Artist Incubation Programme in partnership with UCCA, we empowered over 50 emerging artists to design site-specific installations across our Xintiandi communities and collaborate directly with tenants, offering a vibrant stage to showcase their talents.

Complementing this initiative, we hosted the Creative X Conference “Breaking Boundaries”, a dynamic forum and marketplace which brought hundreds of attendees together to explore innovative connections between commerce and community life, address contemporary urban development challenges and inspire fresh visions for future city spaces.

SUSTAINABILITY REPORT



Our Performance in 2025 – Care

Key Highlights of 2025

- Female Board representation increased from 27% to 40% since 2022
- Delivered an average of 47 training hours per employee
- Achieved a zero contractor safety incident rate per 1,000 workers, and delivered occupational health and safety training to 100% of employees
- Contributed 13,719 employee volunteer hours and generated over RMB 2.1 million in charitable donations
- Achieved long-term employee commitment, with over 25% of our employees serving for more than 10 years

Fostering Talent Development and Progression

To navigate a changing market, the Shui On Academy launched courses on emerging global trends, enabling employees to stay current with trending topics. Grounded in our “Own My Learning” philosophy, the Shui On Academy’s Learning Map delivers a tiered and progressive curriculum across individual capabilities, technical expertise, and leadership development, supporting talent progression at every stage.

This focus on continuous learning was reflected in our annual Career Week, featuring insightful sessions with senior leaders to foster open dialogue on career development. Meanwhile, the 2025 Career Week attracted over 1,200 employees, aiming to expand employees’ horizon through diverse initiatives. As a result, we achieved an average of 47 training hours per employee, exceeding our annual target of 24 hours. This highlights our commitment to unlocking employee potential and building a capable and well-rounded workforce.

Prioritising Diversity and Wellbeing

We are committed to fostering an inclusive workplace, supported by policies including the the *Board Diversity Policy*, the *Diversity and Inclusion Policy*, and the *Code of Conduct and Business Ethics*. These ensure equal opportunities across all aspects of employment. Meanwhile, female representation on the Board has increased to 40%, marking four consecutive years of progress towards leadership diversity.



Building on this foundation, we prioritise employee health and well-being through proactive and holistic initiatives. In 2025, all employees completed health and safety training, totalling 2,354 hours, while 119 consultations were delivered through the Employee Assistance Platform and more than 825 days of special leave were approved under the iFamily Programme. Our health and safety culture extends to our contractors, where they have achieved a zero contractor safety incident rate per 1,000 workers, keeping this well below our annual target of below 3 per 1,000 workers. These efforts provide ongoing support to help our people thrive both professionally and personally.

Giving Back to Society through Engagement and Volunteerism

We believe corporate responsibility extends beyond operations to active contributions within the communities we serve. We encourage employees to invest time and skills in community development, strengthening local bonds.

In 2025, we contributed over 13,719 volunteer hours, recorded 1,370 employee volunteer participations, and donated more than RMB 2.1 million. We jointly organised “Pay It Forward” with the Lianquan Charity Foundation to advocate for vulnerable groups and promote philanthropic participation. Building on its successful Shanghai debut, the event expanded to Nanjing, Wuhan, Foshan, and Chongqing, where participants joined charity walk, immersive experiences, and direct engagement. By bringing communities together to help those in need, we continue to foster a culture of compassion and solidarity.



Our Performance in 2025 – Corporate Governance

Key Highlights of 2025

- Received the “Most Sustainable Organisation Awards” of the “Best Corporate Governance & ESG Awards 2025” from the Hong Kong Institute of Certified Public Accountants (HKICPA)
- Delivered external business ethics training to 160 key supply chain partners through the 2025 Supplier and Contractor Forum
- Delivered 20 in-person internal business ethics and risk management training sessions, with online courses on responsible marketing and Foreign Corrupt Practices Act (FCPA) compliance
- Updated the *Irregularity Reporting Policy*; and completed a comprehensive review of the *Risk Management Policy*
- Renewed ISO 27001/ISO 27701 certifications for our Personal Information Security Management System

Fostering Sustainability through Governance and Transparency

Recognising that Board- and executive-level is essential to sustainability performance, our Board drives execution of the 5C Sustainability Strategy. The Board Sustainability Committee and the Chief Sustainability Officer work closely to integrate sustainability into daily operations.

The Board also oversees risk management and internal controls to safeguard assets and protect shareholder interests. We organised specialised sustainability training sessions for senior leaders to enhance their ability to navigate evolving sustainability risks and opportunities.

Strengthening Business Ethics and Crisis Preparedness

Our ethical framework is anchored in our *Code of Conduct and Business Ethics*, guiding responsible and compliant behaviour across the organisation. In 2025, all employees completed mandatory annual training, supplemented by eight additional sessions for new hires. We achieved a 100% completion rate for annual declarations, reinforcing accountability and ethical conduct at every level.

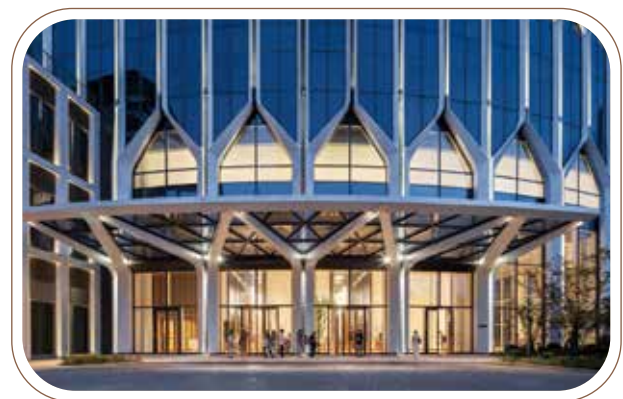
We continued our efforts to extend ethics engagement externally across our supply chain by engaging 160 key partners through the 2025 Supplier and Contractor Forum.

To enhance preparedness, we conducted a comprehensive review of the *Risk Management Policy* to strengthen our ability to anticipate and respond to evolving risks. The Internal Audit team delivered 11 targeted sessions to over 400 employees, embedding risk awareness into daily operations.

The Group maintained the highest business compliance standards, with no confirmed incidents of corruption-related non-compliance in 2025 and full adherence to labour laws, including those related to child and forced labour. The Foreign Corrupt Practices Act (FCPA) Compliance Training module was launched on our internal digital platform, and the *Irregularity Reporting Policy* was updated to enhance reporting effectiveness.

We further advanced cybersecurity capabilities through the new *Information Safety Policy*, supported by simulated cyberattack exercises and strengthened data protection controls. In preparation for broader AI adoption, we initiated development of the Group's *AI Policy*, due for release in 2026, to guide responsible and secure use of emerging technologies.

To uphold integrity in communications, we conducted regular internal audits assessing compliance with responsible marketing policies. In 2025, targeted training on advertising compliance and common marketing risks was delivered, reinforcing our commitment to the highest ethical standards.



CORPORATE GOVERNANCE REPORT



The Board of Directors of the Company (the “Board”) is pleased to present the Corporate Governance Report for the year ended 31 December 2025.

Corporate Governance Values, Strategy, and Practices of the Company

The Company and its subsidiaries (the “Group”) have embraced the “Shui On Spirit – Integrity • Dedication • Innovation • Excellence”. The Group is dedicated to delivering excellent products and services, sustaining its vision by integrating the idea of quality into all its operations. It strives for world-class standards of management, planning, execution, and corporate governance while pursuing sustainable growth. The Board strives to instil these cultures and values into every aspect of the Company’s operations, promoting lawful, ethical, and responsible behaviours across the Group.

The Company has a strong commitment to ethics and integrity. To ensure that everyone in the Group understands the expected behaviours, the Company has implemented various policies such as the Code of Conduct and Business Ethics, the Irregularity Reporting Policy, and the Supplier Code of Conduct. Furthermore, training and experience-sharing sessions are conducted regularly.

The Company has implemented a 5C Sustainability Strategy consisting of five key pillars: Community, Clean, Culture, Care, and Corporate Governance. Each pillar plays a significant role in achieving sustainability goals and upholding the Group’s values. The execution of this strategy has further strengthened the Company’s corporate culture. For detailed information, please refer to the “Sustainability Report”. Based on the policies and practices of the Group, the Board is satisfied that the purpose, values, and strategic directions are aligned with the corporate culture.

The Board believes that good corporate governance is essential to the success of the Company, the enhancement of shareholder value, and stakeholders' confidence in the Company. Good corporate governance practices have enabled the Company to leverage its competitive advantages from many perspectives. The trust and support of the Company's stakeholders drive its continuing success and growth. The Company has experienced these benefits during its on-shore and off-shore fund-raising, as well as when entering into long-term strategic partnerships with renowned companies. From an ethical perspective, we believe our integrity has won the trust of the Government of the People's Republic of China, which has, in consequence, granted the Company more opportunities involving large-scale metropolitan development projects.

The Company reviews its corporate governance practices from time to time to ensure it complies 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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). 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 specified below.

Code provision C.1.5 of the CG Code states 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 ("Mr. Tedjarati") and Ms. Randy W. S. LAI ("Ms. Lai"), the Independent Non-executive Directors ("INEDs") of the Company, could not attend the annual general meeting of the Company held on 16 May 2025 ("2025 AGM") due to other business engagements. Save for the above, all the INEDs attended the 2025 AGM.

Board of Directors

The Board is responsible for the leadership and control of the Company and oversees the Company's businesses, strategic decisions, and performance. The Board has reserved for its decision or consideration matters concerning the Company's overall strategy, annual operating budget, annual and interim results, recommendations on Directors' appointments or re-appointments, material contracts, and transactions as well as other significant policies and financial matters.

The Board has delegated the daily operations and administration of the Company to the management. The respective functions of the Board and the management of the Company are published on the Company's website (<http://www.shuionland.com/en-us/governancePolicy/getPolicy>) and are reviewed from time to time as appropriate.

In addition, to assist in fulfilling its duties, the Board has established five Board committees, namely the Audit and Risk Committee, the Remuneration Committee, the Nomination Committee, the Sustainability Committee, and the Strategy Committee. It has delegated various responsibilities to these committees as set out in their respective terms of reference.

Board Mechanism for Accessing Independent Views and Input

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, to ensure that the Board procedures and all applicable rules and regulations are followed. Coupled with the "Independent Element on the Board" as set out below under the Board Diversity Policy, the Company has always ensured independent views and input are available to the Board. To enable the Directors, in the discharge of their duties, to have independent professional advice in appropriate circumstances, the Company has always procured the services of external legal advisors, valuers, and financial advisors to provide independent views on notifiable transactions. INEDs are entitled to engage independent advice while discharging their duties. The Board has reviewed and concluded that the relevant mechanism is effective.

Board Composition

Other than what is disclosed below, during the year ended 31 December 2025, there was no change to the Board composition.

At the conclusion of the 2025 AGM, Professor Gary C. BIDDLE ("Professor Biddle") retired as an INED of the Company and ceased to be a Chairman of the Audit and Risk Committee and a member of each of the Remuneration Committee, the Nomination Committee, and the Strategy Committee of the Company.

Mr. Clement K. M. KWOK ("Mr. Kwok") was appointed as an INED of the Company on 1 July 2025. Mr. Kwok obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 24 June 2025 and has confirmed that he understood his obligations as a Director of the Company.

With deepest sorrow, Mr. Gregory K. L. SO ("Mr. So"), an INED and a member of the Audit and Risk Committee and the Remuneration Committee of the Company, passed away on 13 December 2025.

CORPORATE GOVERNANCE REPORT

At the date of this report, the Board comprises ten members in total, with four Executive Directors and six INEDs:

EXECUTIVE DIRECTORS	LENGTH OF TENURE	CURRENT PERIOD OF APPOINTMENT (UP TO FORTHCOMING AGM)
Mr. Vincent H. S. LO (Chairman of the Board, Co-chair of the Strategy Committee, and member of the Remuneration Committee)	22.1 years	1 year
Ms. Stephanie B. Y. LO (Vice Chairman of the Board, member of the Nomination Committee, the Sustainability Committee, and the Strategy Committee)	7.6 years	2 years
Ms. Jessica Y. WANG (Chief Executive Officer and member of the Sustainability Committee)	4.3 years	1 year
Mr. Douglas H. H. SUNG (Chief Financial Officer, Chief Investment Officer, and member of the Strategy Committee)	10.3 years	1 year
INEDs		
Mr. Anthony J. L. NIGHTINGALE (Chairman of the Remuneration Committee and member of the Strategy Committee)	10.3 years	3 years
Mr. Shane TEDJARATI (Chairman of the Nomination Committee and Co-chair of the Strategy Committee)	5.2 years	2 years
Ms. Ya Ting WU (Chairman of the Sustainability Committee)	5.2 years	2 years
Mr. Albert K. P. NG (Chairman of the Audit and Risk Committee and member of the Strategy Committee)	3.4 years	3 years
Ms. Randy W. S. LAI (Member of the Audit and Risk Committee, the Nomination Committee and the Sustainability Committee)	2.8 years	2 years
Mr. Clement K. M. KWOK (Member of the Audit and Risk Committee, the Remuneration Committee and the Strategy Committee)	0.8 year	1 year

Apart from Ms. Stephanie B. Y. LO ("Ms. Lo") being the daughter of Mr. Vincent H. S. LO ("Mr. Lo"), none of the Directors has any relationship (including financial, business, family, or other material/ relevant relationship(s)) with any other Directors.

As a commitment to good corporate governance, the Company's Articles of Association stipulate that subject to the provisions contained therein, the Board shall include a majority of INEDs. The Company has appointed six INEDs representing more than half of the Board members, and such composition complied with the requirement as stipulated under Rules 3.10(1) and 3.10A of the Listing Rules. The number of INEDs who have appropriate professional qualifications or accounting or related financial management expertise exceeds the requirement as stipulated under Rule 3.10 of the Listing Rules. The Board has received from each INED an annual confirmation of his/her independence and considers that all the INEDs are independent under the guidelines in Rule 3.13 of the Listing Rules.

Notwithstanding that an INED has served the Company for more than nine years, the Board has assessed and reviewed the annual confirmation of independence based on the criteria set out in Rule 3.13 of the Listing Rules and affirmed that he remains independent and free of any relationship which could materially interfere with the exercise of his independent judgment.

Chairman and Chief Executive

The roles of the Chairman and the Chief Executive of the Company are separated and currently performed by Mr. Lo and Ms. Jessica Y. WANG ("Ms. Wang"), respectively. In May 2024, Ms. Lo was appointed as the Vice Chairman of the Company to assist Mr. Lo in leading the Board in deciding on the direction and future development of the Company. The division of responsibilities between the Chairman and the Chief Executive is established and set out in writing, a copy of which has been published on the Company's website (<http://www.shuionland.com/en-us/governancePolicy/getPolicy>).

Directors' Time and Directorship Commitments

Sufficient time and attention

The existing Directors, including the INEDs, possess a wide range of skills, and bring a broad spectrum of valuable business experience, knowledge, and professionalism to the Board to ensure its efficient and effective functioning. Further details of the Directors' qualifications and working experiences are set out in "Skill and Experience" below under the Board Diversity section and the "Biographies of Directors and Senior Management" section on pages 86 to 91. INEDs are invited to serve on the Board committees of the Company. Their active participation in the Board and the Board committees' meetings brings independent judgment on issues relating to the Company's strategies, performance, and management processes, considering the interests of shareholders of the Company. Based on the attendance at the "Board and Board Committees' Meetings, and Shareholders' Meetings" section below, the Directors have given sufficient time and attention to the affairs of the Company during the year.

In addition to the formal company meetings, site visits to the Company's projects are arranged occasionally to allow the Board members to keep abreast of project developments. In November 2025, the Board members visited our projects in Shanghai and also projects of other reputable local developers in Shanghai for benchmarking.

Other directorships, offices and commitments

The Directors disclosed to the Company the details and nature of offices they hold in listed public companies and organisations, as well as other significant commitments. None of the Directors held directorships in more than six public companies listed on the Stock Exchange (including the Company) as of 31 December 2025.

Board Evaluation

To enhance the Board's function and effectiveness, the Board conducted an evaluation of the performance of the Board and the Board committees in 2025. The performance review was conducted internally, and each of the Board members provided an evaluation of identified areas, including (i) roles of the Board, (ii) Board and Board committee composition, skill and application, (iii) Board proceedings and practices, and (iv) Board culture and behaviour.

The overall feedback of the evaluation was positive, and no material issue was identified. All Directors agreed that the evaluation process serves as a valuable opportunity to identify areas for further performance enhancement. The evaluation results were compiled from feedback of all Directors and were subsequently submitted to the Board, and discussed in the relevant Board meeting, with constructive suggestions being duly noted.

Board Diversity

The Board has adopted a board diversity policy (the "Board Diversity Policy"), a copy of which is publicly available on the Company's website (www.shuionland.com/en-us/governancePolicy/getPolicy). The Company understands the increasing importance of diversity at the Board level. The implementation and effectiveness of the Board Diversity Policy are reviewed by the Nomination Committee annually.

The Nomination Committee also reviewed the Board's structure, size, and composition to ensure that it has a balance of expertise, skills, and experience appropriate for the requirements of the Company's business. The Board believes that its current composition reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision-making.

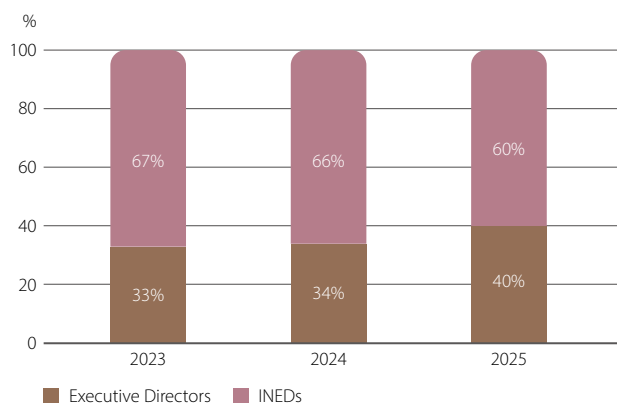
Under the Board Diversity Policy, in designing the composition of the Board and during the selection of candidates, the Nomination Committee considers various diversity indicators, including but not limited to independence, gender, age, cultural and educational background, professional and industry experience, skills, knowledge, nationality, ethnicity and other qualities essential to the Company's business. Decisions are made based on merit and the contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board and the needs of the Board, and without focusing on a single diversity aspect.

Independent Element on the Board

The Board shall include a balanced composition of executive and non-executive directors (including INEDs) so that there is a strong independent element on the Board that can effectively exercise independent judgment. The Company's Articles of Association stipulate that the Board shall comprise a majority of INEDs.

CORPORATE GOVERNANCE REPORT

As of 31 December 2025, six out of ten Directors, accounting for 60% of the Board, are INEDs. The following comparison shows the proportion of INEDs in the board composition for the same period from 2023 to 2025:

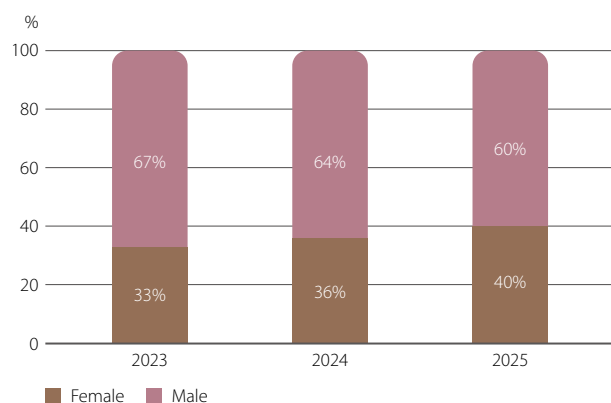


Gender

The Board is committed to maintaining an environment of respect for people regardless of their gender in all business dealings. The Board would ensure that an appropriate balance of gender diversity is achieved with reference to stakeholders' expectations and international and local recommended best practices.

The Board targets to appoint or maintain gender diversity and targets to refrain from having a single gender in respect of the Board. The Nomination Committee will identify potential candidates through various means, such as internal promotion, referrals, and engaging employment agencies if necessary. Based on the criteria set out in the Nomination Policy and the Board Diversity Policy, the Nomination Committee will then recommend these candidates to the Board for consideration.

Since Ms. Lo was appointed as an Executive Director in August 2018, the Board has already achieved gender diversity as per the Listing Rules requirement. Ms. Ya Ting WU ("Ms. Wu"), Ms. Wang, and Ms. Lai were appointed as Directors of the Company in January 2021, January 2022, and July 2023, respectively. As of 31 December 2025, four out of ten Directors, accounting for 40% of the Board, are females. The following comparison shows the proportion of females in the board composition for the same period from 2023 to 2025:



Skills and Experience

Pursuant to the CG Code, the Board shall possess a balance of skills appropriate for the business of the Company. The composition of the Board has a mix of finance, legal, and management backgrounds and experiences in a range of activities, including varied industries or expertise covering economic, environmental, and social topics that provides strategic insights into sustainability-related risks and opportunities. With their respective background and experience, our Directors offer varying perspectives to the Board.

The Nomination Committee has conducted an annual review of the Board's skills matrix. The following table highlights the skills matrix currently held by the Directors, along with the significant experience and expertise they bring to the Company.

Skill Area	Description	Skill Importance (Note)	Skill									
			Mr. Lo	Ms. Lo	Ms. Wang	Mr. Sung	Mr. Nightingale	Mr. Tedjarati	Ms. Wu	Mr. Ng	Ms. Lai	Mr. Kwok
INDUSTRY – SKILLS AND KNOWLEDGE												
Industry experience	A deep understanding of the Company's business and day-to-day operations	E	✓	✓	✓	✓						
Expertise (across industries)	Demonstrates broad and transferable knowledge gained from working across multiple industries	D					✓ (real estate, consumer products)	✓ (industrial products)	✓ (consumer products, retail)	✓ (business advisory)	✓ (consumer products, retail)	✓ (high-end hospitality)
Experience in China's market	Provides perspectives on China's market and economic, political, and regulatory development	D	✓	✓	✓	✓		✓	✓	✓		✓
CORE – SKILLS AND KNOWLEDGE												
Strategy	Ability to identify strategic opportunities and threats with demonstrated success in developing and implementing strategic priorities and achievement of business objectives	E	✓	✓	✓		✓	✓	✓	✓	✓	✓
Finance	Experience in or relationship with corporate finance, banking, insurance, asset (fund) management	E				✓			✓	✓		✓
Risk management and compliance	Experience in implementing, managing or overseeing risk management and compliance frameworks, including legal, regulatory and sustainability	E							✓	✓	✓	✓
Legal knowledge	Appropriate understanding of legal concepts and frameworks applicable to both the role of a director and the industries in which the Company operates	D								✓		✓
Accounting & financial qualifications	Oversee and advise on financial strategies, corporate finance, capital markets and funds management	E								✓		✓
Managing people/ achieving change	Experience at a senior level for people management and successful implementation of change	D	✓	✓			✓	✓	✓		✓	✓

Note: E = essential; D = desirable

The current board skills matrix closely aligns with the Company's purpose, values, strategy, and desired culture. It effectively guides and oversees the business, thereby supporting sustainable value creation. For example, the Board's experience in the China's market provides valuable insight into the local political and regulatory environment. This helps the Company navigate risks and identify growth opportunities. The Board's consumer products and retail experience enable the Company to adapt quickly to changing market conditions and strengthen our strategic thinking and promote innovation. The Board's finance expertise helps the Company to be effective in its capital management, financial planning, risk control, and in sustaining business growth.

For future Directors' appointments, the Nomination Committee will consider the above skills matrix in ensuring a broad range of skills and experience is maintained in the Board.

Diversity in Senior Management and Employees

The Company is committed to creating a diverse and inclusive working environment for all employees. A working environment where diversity is considered a strength and discrimination of any kind is prohibited has been created.

As of 31 December 2025, females comprised approximately 33% of senior management and approximately 48% of the Group's workforce (excluding senior management).

CORPORATE GOVERNANCE REPORT

Appointment, Re-election, and Removal of Directors

The procedures and process of the appointment, re-election, and removal of Directors are governed by the Company's Articles of Association, a copy of which has been published on the Company's website for public inspection. The Board, with the recommendation of the Nomination Committee, is responsible for reviewing the Board composition, developing and formulating the relevant procedures for the nomination and appointment of Directors, monitoring the appointment of Directors, and assessing the independence of INEDs.

Non-executive Directors of the Company, including INEDs, are subject to retirement by rotation at least once every three years. The re-election of Directors is under the Company's Articles of Association, the Listing Rules, and any other applicable laws.

All Directors appointed to fill a casual vacancy are subject to election by shareholders at the first annual general meeting after their appointment. Every Director, including those appointed for a specific term, is subject to retirement by rotation at least once every three years.

The Company's Articles of Association also allow a qualified shareholder to propose a person, other than a retiring Director of the Company or a person recommended by the Directors, for election as a Director of the Company. The detailed requirements and procedure for such action have been published on the Company's website.

Induction, Training, and Continuing Development for Directors

Each newly appointed Director will receive a comprehensive, formal, and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The Directors are continually updated on legal and regulatory developments, as well as business and market changes, to facilitate the discharge of their responsibilities. During 2025, each of the Directors had participated in continuous professional development as required under Rules 3.09F and 3.09G of the Listing Rules. All Directors have provided the Company with their training records for the year ended 31 December 2025 and summarised as follows:

Name of Directors	The role, functions and responsibilities of the Board, its committees and its directors, and Board effectiveness	The Company's obligations and directors' duties under Listing Rules & HK law, and relevant key legal and regulatory developments	Corporate governance & ESG	Risk management & internal control	Update on industry development, business trends and strategies	Total number of hours
EXECUTIVE DIRECTORS						
Mr. Vincent H. S. LO	● 2 hours	● 4.75 hours	● 4.5 hours ● 1 hour	● 3 hours	● 8 hours ● 5.75 hours	29
Ms. Stephanie B. Y. LO	● 1 hour	● 3.5 hours	● 3 hours ● 4 hours ● 1 hour	● 1.5 hours	● 8.75 hours	22.75
Ms. Jessica Y. WANG	● 1 hour	● 2 hours	● 1 hour ● 2 hours	● 1.5 hours	● 8.75 hours	16.25
Mr. Douglas H. H. SUNG	● 1 hour	● 2 hours	● 1 hour	● 1.5 hours	● 9.5 hours	15
INEDs						
Mr. Anthony J. L. NIGHTINGALE	● 1 hour	● 2 hours	● 1 hour ● 2 hours	● 1.5 hours	● 5.75 hours	13.25
Mr. Shane TEDJARATI	● 1 hour	● 2 hours	● 1 hour	● 1.5 hours	● 5.75 hours	11.25
Ms. Ya Ting WU	● 1 hour	● 2 hours ● 1 hour	● 4 hours ● 1 hour	● 1.5 hours ● 16.5 hours	● 4.5 hours ● 0.5 hour	32
Mr. Albert K. P. NG	● 1 hour ● 16.5 hours	● 2 hours ● 14 hours	● 17 hours	● 1.5 hours ● 14 hours	● 9.5 hours ● 205.7 hours	281.2
Ms. Randy W. S. LAI	● 1 hour	● 2 hours ● 1 hour	● 4 hours ● 1 hour	● 1.5 hours	● 3.75 hours	14.25
Mr. Clement K. M. KWOK (appointed on 1 July 2025)	● 3 hours	● 6.5 hours ● 7 hours	● 12.5 hours ● 1.2 hours	● 12.5 hours ● 8.5 hours	● 6.5 hours ● 4 hours ● 36.5 hours	98.2

● External Training includes seminars, webinars, briefings, forums, and workshops offered by external professional organisations (e.g., Ernst & Young and the Stock Exchange) or other external entities.

● Internal Training includes briefings, presentations, and discussions conducted by the Company.

● Self-study involves a variety of resources, including books, videos, articles, and materials on specific topics provided to Directors for learning and reading.

Board and Board Committees' Meetings, and Shareholders' Meetings

Number of Meetings and Directors' Attendance

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

Name of Directors	Meetings attended/held during their tenure						
	Board meetings	2025 AGM	Audit and Risk Committee meetings	Remuneration Committee meeting	Nomination Committee meeting	Strategy Committee meetings	Sustainability Committee meetings
EXECUTIVE DIRECTORS							
Mr. Vincent H. S. LO	5/5	✓	N/A	1/1	N/A	2/2	N/A
Ms. Stephanie B. Y. LO	5/5	✓	N/A	N/A	1/1	2/2	2/2
Ms. Jessica Y. WANG	5/5	✓	N/A	N/A	N/A	N/A	1/2
Mr. Douglas H. H. SUNG	5/5	✓	N/A	N/A	N/A	2/2	N/A
INEDs							
Professor Gary C. BIDDLE*	3/3	✓	3/3	–	1/1	1/1	N/A
Mr. Anthony J. L. NIGHTINGALE	5/5	✓	N/A	1/1	N/A	2/2	N/A
Mr. Shane TEDJARATI	4/5	–	N/A	N/A	1/1	2/2	N/A
Ms. Ya Ting WU**	5/5	✓	1/1	N/A	N/A	N/A	2/2
Mr. Albert K. P. NG	5/5	✓	5/5	N/A	N/A	2/2	N/A
Mr. Gregory K. L. SO***	4/5	✓	4/5	–	N/A	N/A	N/A
Ms. Randy W. S. LAI	4/5	–	N/A	N/A	N/A	N/A	2/2
Mr. Clement K. M. KWOK****	2/2	–	2/2	N/A	N/A	1/1	N/A

* Professor Biddle retired at the conclusion of the 2025 AGM.

** Ms. Wu was appointed as a member of the Audit and Risk Committee on 16 May 2025 and ceased to be a member on 28 August 2025.

*** Mr. So was appointed as a member of the Remuneration Committee on 16 May 2025 and passed away on 13 December 2025.

**** Mr. Kwok was appointed as an INED on 1 July 2025.

Practice and Conduct of Meetings

In observance of the CG Code and to facilitate the maximum attendance of Directors, regular Board and Board committees' meetings are scheduled at least one year in advance. Agendas of each meeting are made available to Directors in advance to ensure that all Directors are given an opportunity to include matters in the agendas for regular Board and Board committees' meetings.

Notices of regular Board and Board committees' meetings are served to all Directors at least 14 days before the meetings. Board papers, together with appropriate, complete, and reliable information, are sent to all Directors at least three days before each Board and Board committee's meeting, or such other period as specified in the terms of reference of the relevant Board committees, to keep the Directors abreast of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The senior management attends all regular Board meetings and, when necessary, other Board and Board committees' meetings, to advise on business developments, financial and accounting matters, statutory compliance, corporate governance, and other significant aspects of the Company. An informal meeting between the Chairman and INEDs was held in 2025, without the presence of the executive directors/management, to evaluate the performance of the Board and the management.

The Company Secretary is responsible for taking and keeping minutes of all Board and Board committees' meetings. The minutes shall be open for Directors' inspection at any reasonable time on reasonable notice by any Director. Draft and final versions of minutes are normally sent to Directors for comment and records, respectively, within a reasonable time after such meetings.

According to current Board practice, any material transaction that involves a conflict of interest for a substantial shareholder or a Director will be considered and dealt with by the Board at a duly convened Board meeting. The interested Directors shall abstain from voting and shall not be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

CORPORATE GOVERNANCE REPORT

Board Committees

The Board has established five Board committees with defined terms of reference, namely the Audit and Risk Committee, the Remuneration Committee, the Nomination Committee, the Sustainability Committee, and the Strategy Committee, for overseeing particular aspects of the Company's affairs.

The terms of reference of the Board committees, which set out the Board committees' respective duties, are in line with the CG Code and are approved by the Board. The terms of reference of the Board committees are reviewed from time to time to address the latest amendments to the Listing Rules and the needs of the Company.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, can seek independent professional advice in appropriate circumstances at the Company's expense.

Audit and Risk Committee

The Audit and Risk Committee consists entirely of INEDs, namely Mr. Albert K. P. NG ("Mr. Ng") (Chairman of the Audit and Risk Committee), Mr. Kwok and Ms. Lai. None of the members of the Audit and Risk Committee has any present relationship with the Company's existing external auditor. Mr. Ng was the Chairman of Ernst & Young China.



The terms of reference of the Audit and Risk Committee are published and available on the websites of the Company (www.shuionland.com/en-us/governanceCommittee/getCommittee) and the Stock Exchange.

The Audit and Risk Committee held five meetings during the year ended 31 December 2025. The Audit and Risk Committee also held separate private meetings with the external auditor and the internal auditor during the year to discuss issues pertinent to the Company.

During the year ended 31 December 2025 and up to the date of this report, the Audit and Risk Committee had reviewed the Group's interim results for the six months ended 30 June 2025 and annual results for the years ended 31 December 2024 and 2025, including the accounting principles and practices adopted by the Company. No material uncertainties relating to events or conditions that may cast doubt upon the Company's ability to continue as a going

concern had been found. During the year under review, members of the Audit and Risk Committee visited the Company's projects in Shanghai to keep abreast of developments.

The Audit and Risk Committee also reviewed the auditor's remuneration and made a recommendation to the Board on the re-appointment of the auditor. The Audit and Risk Committee has the same view as the Board regarding the selection, appointment, resignation, or dismissal of external auditors.

The Audit and Risk Committee received regular updates on the Cybersecurity and Personal Information Protection Programme from the IT and Digital Innovation Department ("ITD"). It made recommendations on the practices, tests, and policies for strengthening cybersecurity and personal data protection during the relevant Audit and Risk Committee meetings. For the year ended 31 December 2025, all security devices operated normally, with

no incident of internal information leakage or successful external attack occurring. Details of the work of ITD can be found under “Cybersecurity & Personal Data Protection”.

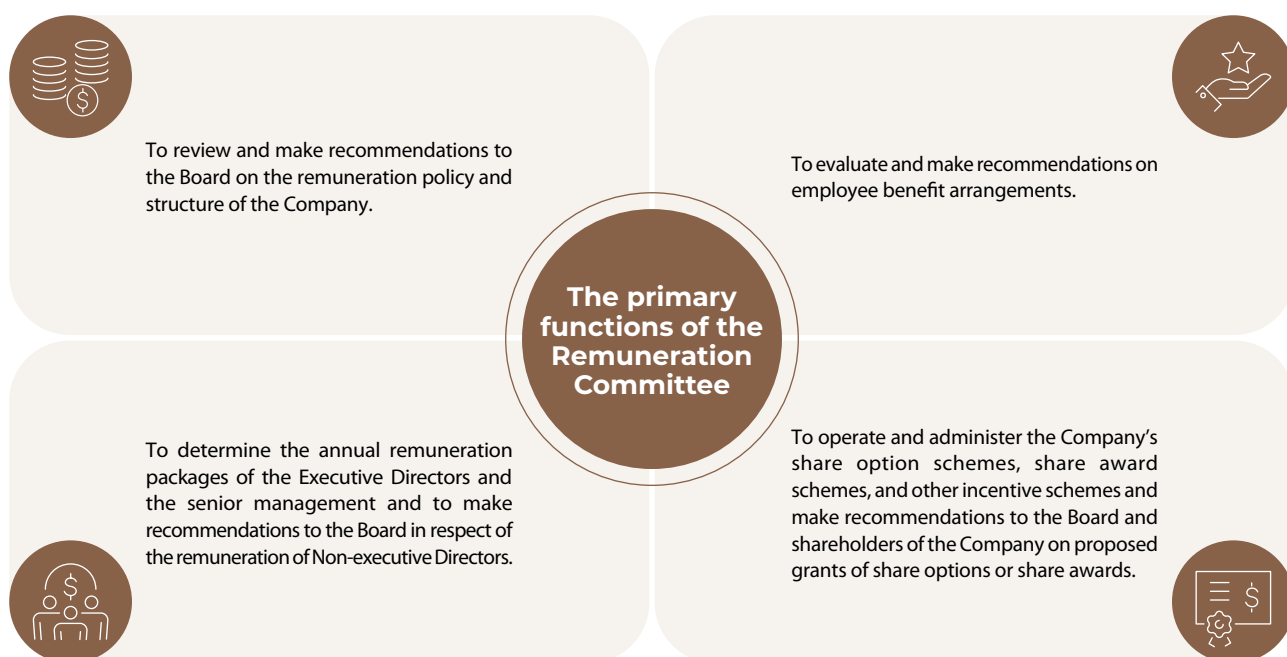
In addition, the Internal Audit and Risk Department (“IARD”) provided a summary of the independent risk and control assessment to the Audit and Risk Committee in accordance with the approved risk-based audit plan.

The Audit and Risk Committee also reviewed the Company’s policies and practices on corporate governance, the training and continuous professional development of Directors and senior management,

the Company’s policies and practices on compliance with legal and regulatory requirements, and the Company’s compliance with the CG Code and disclosure in the Corporate Governance Report as stipulated under code provision A.2.1 of the CG Code.

Remuneration Committee

The Remuneration Committee currently consists of three members, namely Mr. Anthony J. L. NIGHTINGALE (“Mr. Nightingale”) (Chairman of the Remuneration Committee), Mr. Lo, and Mr. Kwok. The majority of the members of the Remuneration Committee are INEDs.



The terms of reference of the Remuneration Committee are published and available on the websites of the Company (www.shuionland.com/en-us/governanceCommittee/getCommittee) and the Stock Exchange.

The Human Resources Department (“HRD”) is responsible for collecting and administering human resources data and making recommendations to the Remuneration Committee for its consideration. The Remuneration Committee shall report to the Board about these recommendations on remuneration policy, structure, and packages.

The Remuneration Committee held one meeting during the year ended 31 December 2025. During the year under review, the Remuneration Committee reviewed the remuneration policy and structure of the Company and reviewed and approved the current remuneration package of Executive Directors, INEDs, and senior management of the Group.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Nomination Committee currently consists of three members, namely Mr. Tedjarati (Chairman of the Nomination Committee), Ms. Lai, and Ms. Lo. The majority of the members of the Nomination Committee are INEDs. Two out of three members of the Nomination Committee are female.



The terms of reference of the Nomination Committee have been updated in 2025 and are published and available on the websites of the Company (www.shuionland.com/en-us/governanceCommittee/getCommittee) and the Stock Exchange.

The Nomination Committee held one meeting during the year ended 31 December 2025. During the year under review and up to the date of this report, the Nomination Committee had (i) assessed

the independence of INEDs and made a recommendation to the Board on the re-appointment of Directors; (ii) reviewed the structure, size, and composition of the Board concerning the Board skills matrix and Board Diversity Policy; (iii) reviewed the Board Diversity Policy; (iv) reviewed the nomination policy for selection and recommending directorship candidate; and (v) assessed the time commitment and contribution to the Board.

Nomination Process

Appointment and re-appointment of Directors are made following the Company's Articles of Association, the Listing Rules, and other applicable rules and regulations. In assessing the suitability of candidates, the Nomination Committee has a policy for the nomination of directors, which is the "Nomination Policy".

Nomination Policy

The Nomination Committee shall consider, among other criteria, the following factors in assessing the suitability of individuals nominated for directorship:

- a) Reputation for integrity;
- b) Accomplishment, experience, and reputation in the real estate industry, in particular for individuals nominated for executive directorship;
- c) Time commitment and attention to the businesses of the Company and its subsidiaries;
- d) Diversity of perspectives, including but not limited to the measurable objectives stated in the Company's Board Diversity Policy, details of which can be found on pages 61 to 63;
- e) Independence, in particular for individuals nominated as INEDs;
- f) Expertise and experience relating to economic, environmental, and social topics;
- g) Any other relevant factors as may be determined by the Nomination Committee from time to time as appropriate.

Annual Nomination Committee Assessment

The Nomination Committee assessed each Director's time commitment and contribution to the Board, as well as the Director's ability to discharge his or her responsibilities effectively, taking into account professional qualifications and work experience, existing directorships of issuers listed on the Main Board or GEM and other significant external time commitments of such directors and other factors or circumstances relevant to the Director's character, integrity, independence and experience. Further details are set out in "Skills and Experience" above under the Board Diversity section on pages 61 to 63 and the "Board and Board Committees' Meetings, and Shareholders' Meetings" section above on page 65. Having regard to the aforesaid, the Nomination Committee is of the view that the Directors' time commitment and contribution to the Board (as a whole) are adequate.

Nomination of Candidates

In July 2025, Mr. Kwok was appointed as an INED of the Company. Mr. Kwok has extensive experience in accounting, investment banking, and corporate and financial management, hospitality and real estate, as well as board and committee experience for other listed entities. After consideration, the Nomination Committee determined that Mr. Kwok possesses the necessary character, integrity, independence, and experience for their roles and recommended to the Board the appointment of Mr. Kwok as an INED and a member of the Audit and Risk Committee.

For the nomination of members of the Board committees, after consultation with the respective chair of the Board committee, the Nomination Committee will present to the Board a specific proposal for election or re-election of individual members as Board committee members.

In May 2025, after having considered the background of Ms. Wu, Mr. Ng, Mr. So, and Ms. Lai, and after consultation with the respective chair of the Board committees, the Nomination Committee recommended to the Board to appoint (i) Mr. Ng as the chair of the Audit and Risk Committee; (ii) Ms. Wu as a member of the Audit and Risk Committee; (iii) Mr. So as a member of the Remuneration Committee; and (iv) Ms. Lai as a member of the Nomination Committee.

Following the sad passing away of Mr. So in December 2025, the Company did not meet the requirements under the Listing Rules that the Audit and Risk Committee must comprise a minimum of three members, nor the requirement that the Remuneration Committee must comprise a majority of independent non-executive directors. After having considered the background of Ms. Lai and Mr. Kwok, and after consultation with the respective chair of the Board Committees, the Nomination Committee recommended to the Board to appoint Ms. Lai as a member of the Audit and Risk Committee and Mr. Kwok as a member of the Remuneration Committee to fill the vacancy in such committees in March 2026. Following the aforementioned appointment, the Company is in compliance with the requirements of the Listing Rules.

CORPORATE GOVERNANCE REPORT

Sustainable Development

The Group's sustainability governance structure has been revamped to facilitate effective implementation of the "5C" sustainable development strategy, covering Clean, Culture, Community, Care, and Corporate Governance. The Board has overall responsibility for the Company's sustainable development efforts. The Sustainability Committee, consisting of selected Directors, meets regularly to discuss and decide on sustainability goals. The Sustainability Committee directly monitors and guides overall sustainability performance and may delegate certain of its responsibilities to the Sustainable Development Executive Committee. The responsibility for specific proposals and the implementation of specific goals at the operational level is delegated to five cross-departmental C Working Teams. Each team holds the key performance indicators ("KPIs") of the goals, meets regularly to drive implementation, and solves problems as they arise. KPIs are cascaded to relevant companies and departments for execution. The Sustainable Development Executive Committee and each C Working Team report their progress and status to the Sustainability Committee for review regularly, and the Sustainability Committee provides consolidated reports to the Board. For details, please refer to the "Sustainability Report".

Employees' Awareness of Sustainable Development

To facilitate the implementation of the Company's 5C sustainability strategy, the Sustainable Development Department has prepared and launched the "SD Standard Handbook: Urban Retreat Community" and the "SD Standard Handbook: Residential" in December 2025. These handbooks aim to define the sustainability standard requirements for Urban Retreat communities and residential finishing works, while systematically outlining their implementation pathways and guidelines throughout the entire project development and operational lifecycle. With this initiative, the Company aims to communicate our sustainability standards and values to our partners and stakeholders in a clear and consistent way.

2025 Sustainability Training and Sharing Sessions

Jan 2025

45 minutes
ESG Trends Briefing
(64% Directors attended, and remaining Directors received briefing materials for perusal)



May 2025

90 minutes
Sustainability Practices & Progress Achieved, and Connection with Environmental & Health Sharing Session
(113 employees attended)



Nov 2025

90 minutes
SD Standard Handbooks Sharing Session
(69 employees attended)



ESG-related KPIs

A Chief Sustainability Officer has been appointed to lead the Sustainable Development Department in the management of sustainability tasks. He is responsible for developing and monitoring the Group's sustainability strategies. The Chief Sustainability Officer, the members of the Sustainable Development Executive Committee, and each C Working Team member all have ESG-related KPIs. The achievement of respective ESG-related KPIs is linked to the compensation of the Chief Sustainability Officer and the members of the Sustainable Development Executive Committee and each C Working Team.

Sustainability Committee

The Sustainability Committee currently consists of four members, namely Ms. Wu (Chairman of the Sustainability Committee), Ms. Lai, Ms. Lo, and Ms. Wang. Half of the members of the Sustainability Committee are INEDs.



The terms of reference of the Sustainability Committee are publicly available on the websites of the Company (www.shuionland.com/en-us/governanceCommittee/getCommittee) and the Stock Exchange.

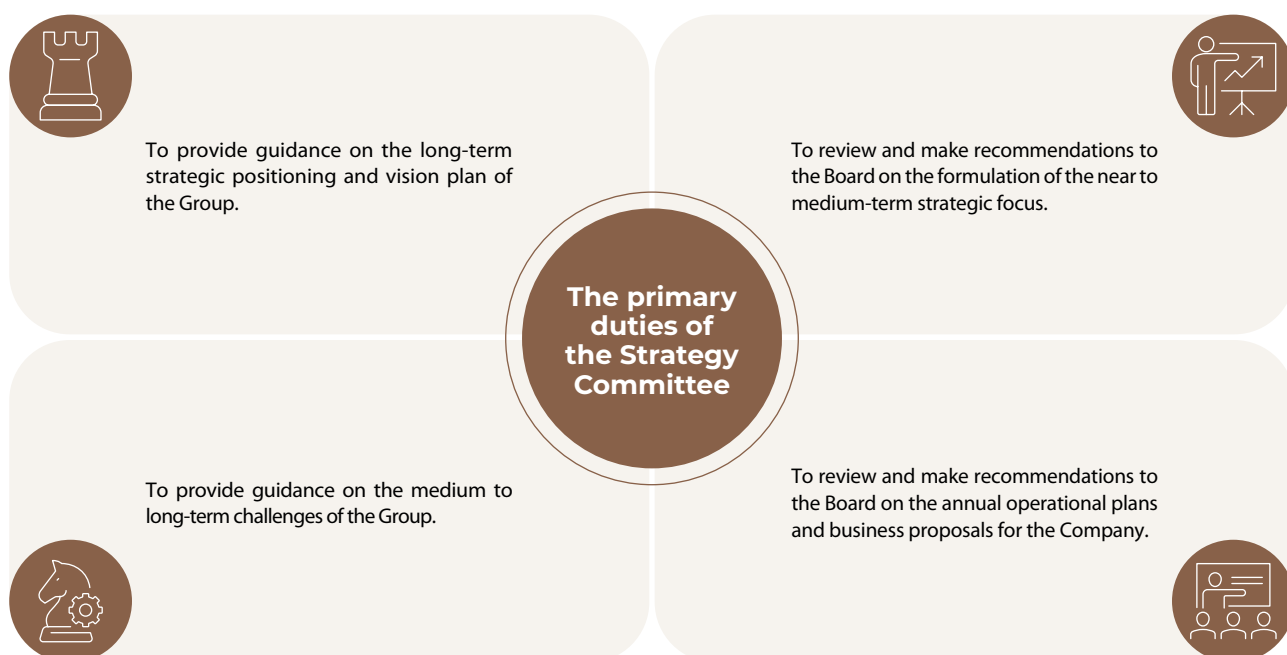
The Sustainability Committee held two meetings in 2025. During the year under review, the Sustainability Committee had (i) formulated the sustainable development priorities for 2025; (ii) explored climate

change risk assessment results; (iii) provided a sustainability strategy for the Asset-Light business model; (iv) discussed the ESG disclosure requirements for China's stock markets; (v) discussed the Group's energy target review and climate change physical risk adaptation guideline; (vi) reviewed the progress of the Group's sustainable development initiatives and progress; and (vii) updated the sustainability report and rating.

CORPORATE GOVERNANCE REPORT

Strategy Committee

The Strategy Committee currently consists of seven members, namely, Mr. Lo (Co-chair of the Strategy Committee), Mr. Tedjarati (Co-chair of the Strategy Committee), Mr. Nightingale, Mr. Ng, Mr. Kwok, Ms. Lo, and Mr. Douglas H. H. Sung. The majority of the members of the Strategy Committee are INEDs.



The terms of reference of the Strategy Committee are publicly available on the websites of the Company (www.shuionland.com/en-us/governanceCommittee/getCommittee) and the Stock Exchange.

The Strategy Committee held two meetings in 2025. During the year under review, the Strategy Committee has (i) assessed the business environment and the China property market; (ii) considered the Group's financial planning and business strategy with regard to the Asset-Light business model; (iii) considered the Company's business strategy in the short-term; and (iv) updated the business development strategy with the refreshed SXTD Community brand and refined Asset-Light model.

Model Code for Securities Transactions

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.

Specific enquiry has been made of all the Directors, and the Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2025.

To comply with the CG Code, the Company has established and adopted a Code for Securities Transactions by Relevant Employees (as defined by the Listing Rules), on terms no less exacting than the Model Code, to regulate dealings in the securities of the Company by certain employees of the Company or any of its subsidiaries who are considered likely to be in possession of unpublished inside information in relation to the Company or its securities because of their offices or employment.

No incident of non-compliance with the Model Code by the Directors and the Code for Securities Transactions by Relevant Employees was noted by the Company during the year ended 31 December 2025.

Responsibilities in Respect of the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025.

The Board is responsible for overseeing the preparation of the financial statements of the Company and reviewing the same to ensure that such financial statements give a true and fair view of the state of affairs of the Company and relevant statutory requirements and applicable accounting standards are complied with.

The management provides such explanation and information to the Board to enable the Board to make an informed assessment of the financial information and position of the Company that is put forward to the Board for approval.

The statement of the external auditor of the Company about its reporting responsibilities in regard to the financial statements is set out in the "Independent Auditor's Report" on pages 109 to 112.

Risk Assessment and Management

Strategic Planning

In 2025, the Company continued the implementation of its Asset-Light business model and landbank replenishment plan. This business strategy has allowed the Company to expand its commercial portfolio with long-term strategic partners, capture new business opportunities, and create shareholder value.

The Company continued to develop its competitive advantages in innovation and to strive for excellence. Strategic action plans were developed, implemented, and monitored by relevant executives and management to improve services and enhance the customer experience to achieve an operational model that is market-driven and customer-focused. The Company also developed balanced scorecards to measure individual performance against these corporate objectives.

Resources Planning and Cost Controls

During the year ended 31 December 2025, the Company's main resources planning focus on the completion and delivery of properties which are under development and strengthening its ability to manage its retail resources to meet future challenges. This was carried out successfully, enabling the Company to increase its focus on delivering the targets in its business plan.

Management continues to focus on controlling costs over the short and long term, enhancing the Company's cost-conscious culture and behaviour, as well as reviewing and monitoring the Company's expenditures.

Enterprise Risk Management

The Company has had a risk identification and management process in place. The Company has elected to formalise its existing risk management system with a Risk Management Policy to reference

its conformance explicitly to the guidance set forth in Appendix C1 of the Listing Rules.

The Company adopts the "Three Lines Model" issued by The Institute of Internal Auditors ("IIA") as its risk governance structure. The Company's Three Lines Model specifies duties and responsibilities to enhance collaboration, communication, and governance within the Group. The second line roles are strengthened and monitored by the Executive Committee ("EXCOM"), Chief Executive Officers, and risk management working team. This team assists Chief Executive Officers in overall planning and communication between the business project teams, setting the standards and methods for risk identification and assessment, and compiling the principal risks to the EXCOM.

The Company's risk management framework is a "Top-Down" strategic risk management approach combined with a "Bottom-Up" operational risk management approach. The Company recognises that most of its corporate risk stems from uncontrollable events in its business and operating environments, which can only be addressed by Board level policy. Thus, the most effective enterprise risk management is facilitated by solid oversight exercised by the Board, the Audit and Risk Committee, and the EXCOM in the establishment and maintenance of the risk management policy, framework, and programme. These oversight components provide leadership and guidance that the business needs to focus on, balance risk and reward, and steer the Company in the planned direction. This approach ensures clarity about the most extreme/high risks involved in shaping the Company's objectives and performance, supports risk-related decisions by the Board/EXCOM, and ensures effective communication amongst the management and operations teams with a view to identifying and reporting new risks of potentially strategic importance to senior management.

The project directors and functional department heads of the Company are responsible for operational risk assessment. The operational risk assessment comprises risk identification, risk assessment and prioritisation, risk response, risk monitoring, and risk reporting. The Audit and Risk Committee requires relevant management to present risk assessment/management updates of their responsible functions periodically. For example, the Chief Executive Officer should regularly provide an update on business performance to the Audit and Risk Committee. Additionally, the ITD is required to present updates on information technology security and compliance with relevant laws and regulations on data privacy in each Audit and Risk Committee meeting. The head of the IARD also discusses the emerging risks faced by the Company and new management initiatives with the Audit and Risk Committee members. Details about the Group's risk management framework and risk assessment, including principal risks, risk mitigation, and ESG-related risk management measures, are set out in the "Risk Management Report" on pages 81 to 85.

CORPORATE GOVERNANCE REPORT

Internal Controls

During the year ended 31 December 2025, management and the IARD conducted reviews of the effectiveness of the Company's systems of risk management and internal controls, including those of its subsidiaries and major associates. The Audit and Risk Committee reviewed the summary report prepared by the internal auditors on the effectiveness of the Company's systems of risk management and internal controls and reported its summary results to the Board covering all material controls, including financial, operational, and compliance controls and risk management functions. The Board also considered the adequacy of resources, staff qualifications and experience, training programmes, and budget of the Company's accounting, internal audit, and financial reporting functions as well as those relating to the Company's ESG performance and reporting.

In summary, the scope of the above review covers: (i) the changes in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment, (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems, (iii) the adequacy of resources for designing, implementing and monitoring the risk management and internal control systems.

Based on the aforesaid, the Board has concluded that the Company's systems of risk management and internal control are appropriate and effective for the purposes set out in Principle D2 of the CG Code. No significant change was identified during the reporting period in (i) the Company's assessment of risks (including ESG risks) and (ii) the risk management and internal control system.

The Company is in the process of updating its policies and procedures to reflect ongoing organisational changes.

Internal Audit and Risk

During the year ended 31 December 2025, the head of the IARD functionally reported to Ms. Lo and had a functional reporting line to the Audit and Risk Committee. The internal audit charter allows the internal auditors unrestricted access to all functions, records, property, and personnel while maintaining appropriate confidentiality in performing their work.

The IARD is a corporate member of the Institute of Internal Auditors Hong Kong Limited, an affiliate of the IIA, which is headquartered in the United States of America. The IARD subscribes to and is guided by the Global Internal Audit Standards developed by the IIA and has incorporated these Standards into its audit practices. The head of the IARD attended the IIA Conference Hong Kong 2025 in October 2025, with the theme "Embrace Challenges & Drive Transformation", to keep abreast with the internal audit industry trends and learn how the profession can move beyond traditional risk assessments to drive transformation in a rapidly changing environment.

The IARD helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the risk management, internal control, and governance processes. The IARD performs internal audit services in accordance with the Global Internal Audit Standards as well as the Code of Ethics issued by the IIA. In addition, it adopts the "Internal Control – Integrated Framework" and "Enterprise Risk Management – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The IARD presents the relevant concepts and COSO principles to management to enhance the implementation and maintenance of the Company's internal control and risk management system.

The IARD formulates a risk-based internal audit plan based on interviews and discussions with management and staff for the Audit and Risk Committee's approval.

During the year ended 31 December 2025, the IARD issued reports to the Chairman and relevant management personnel covering various operational and financial processes and projects of the Company. It provides summary reports to the Audit and Risk Committee together with the status of the implementation of their recommendations in each Audit and Risk Committee meeting.

To help further enhance the effectiveness of the risk management system of the Company and refine the work related to risk management, the IARD has taken the following initiatives:

- Conducted risk management training at each project when performing audits.
- Reviewed the risk inventory with relevant management/staff.
- Performed various data analyses to identify abnormal cases/red-flag items and pass the information to Corporate Finance and/or relevant business departments for follow-up.

The IARD has continued to work on its risk management initiatives and also assisted senior management in refining ethics-related processes and practices. In particular, the IARD has embedded ethics training into all audit sections and risk interviews with management and continuously assessed the "control environment" and "tone at the top" with a view to enhancing the Company's ethical culture.

In 2025, the IARD provided internal control and risk management training to the various functions at headquarters (such as Finance, HRD, ITD and Marketing) and to project teams. These training sessions include sharing the principles of COSO internal control and risk management to enhance employees' risk management awareness.

Ethical Corporate Culture

The Company has established various policies, including its Code of Conduct and Business Ethics, to govern business ethics and best practices. The Company emphasises integrity as an important foundation of its corporate culture and a strategic choice and leverages it as one of its competitive advantages. The Company's Code of Conduct and Business Ethics regulates, including but not limited to, (i) conflicts of interests (external work, business relationships with family members and interested parties, corporate opportunities); (ii) business practices (discrimination and harassment, confidentiality, proper use of company assets); (iii) business relationships (fair dealing, gifts and hospitality, external contributions); (iv) financial dealings (financial records, controls and reporting) and applies to all wholly-owned subsidiaries of the Group.

The IARD embedded ethics considerations in each audit assignment and assessed the "control environment" to ensure ethical values are integrated into all business segments and processes. Ethics training sessions were organised with the assistance of the Ethics Committee and the IARD and were delivered to management, new employees, suppliers, various departments, and project teams during 2025. The training sessions are summarised as follows:

CATEGORY	DETAILS OF TRAINING	PARTICIPANTS
Management	<ul style="list-style-type: none"> One-hour training on ethical business culture, integrity, anti-corruption, updates on risk management and internal control under the Stock Exchange's requirements, and the Company's Code of Conduct and Business Ethics 	All relevant management (Executive Directors and department/project heads) completed the training.
New Employees	<ul style="list-style-type: none"> Regular training on the Company's Code of Conduct and Business Ethics, sharing the latest fraud trend reports from the Hong Kong Independent Commission Against Corruption and the Association of Certified Fraud Examiners Completion of a declaration of their commitment to abide by the Company's Code of Conduct and Business Ethics 	All new employees completed the training.
Employees	<ul style="list-style-type: none"> 30-minute online training on the Code of Conduct and Business Ethics Completion of an online declaration of compliance with the Company's Code of Conduct and Business Ethics 	All employees completed the training.
Suppliers	<ul style="list-style-type: none"> One-hour webinar introducing the Company's Code of Conduct and Business Ethics and Supplier Code of Conduct 	All key suppliers invited attended the webinar.

Additionally, the Company implements diverse initiatives to enhance business ethics, including reminders about integrity prior to special festivals, thematic movie screenings, and promotion of the irregularity reporting system. These efforts foster an ethical culture, raise awareness of risks, and empower employees to make informed decisions and report misconduct. By engaging in such training, the Company reinforces its commitment to upholding high ethical standards and effectively managing risks across its operations.

Under the Company's Code of Conduct and Business Ethics, the Company uses only those agents, representatives, consultants, contractors, subcontractors, business partners, resellers, sales and marketing agents, or suppliers who have met or exceeded the Company's high standards and entered into the appropriate written agreements in strict compliance with the Company's Code of Conduct and Business Ethics.

Furthermore, all non-public information about the Company should be considered confidential information. Directors and employees who have access to confidential information about the Company or any other entity are not permitted to use or share that information for trading purposes in the Company or the other entity's securities or for any other purpose except the conduct of the Company's business. Using non-public information for personal financial benefit or sharing this information with others who might make an investment decision based on this information is both unethical and illegal.

The Company's Code of Conduct and Business Ethics undergo regular reviews, ensuring their ongoing relevance and effectiveness. Detailed information is publicly available on the Company's website (www.shuionland.com/en-us/governanceBehavior/query).

To ensure suppliers follow the best ethical practices, a Supplier Code of Conduct is included as an appendix in construction related supplier contracts. The Supplier Code of Conduct covers various aspects such as business ethics, labour employment (including the prohibition of forced or child labour), occupational health and safety, non-discrimination, and rights protection. The Company regularly reviews the Supplier Code of Conduct and continuously enhances its business ethics standards. Details of the Supplier Code of Conduct are publicly available on the Company's website (www.shuionland.com/en-us/sustainability/policies).

CORPORATE GOVERNANCE REPORT

Anti-Fraud Measures

An Irregularity Reporting System (or whistle-blowing system) was introduced for reporting violations of the Company's Code of Conduct and Business Ethics and for making complaints about integrity-related matters from staff, vendors, customers, and/or business partners. A telephone hotline (86-21-53829390) and special email addresses (irsx@shuion.com.cn and irs@shuion.com.cn) were set up to enable any such complaints to reach the Chairman of the Audit and Risk Committee or the Chairman of the Ethics Committee. At each Audit and Risk Committee meeting, a summary report of the complaints received and their follow-up actions are tabled for review. The summary report included the complaints and incident reporting involving any suspected ethical issues and conflict of interest issues, and relevant disciplinary and remedial actions. The Audit and Risk Committee continues to oversee the ethical conduct of the Company's businesses.

To enhance anti-fraud awareness, news clippings on reported fraud cases in the real estate industry are collated and sent by the IARD to key executives quarterly. In addition, the "Fraud Risk Management Guide" issued by COSO has been adopted to assist management in preventing and managing fraud risks associated with all business processes. An annual fraud risk self-assessment is conducted using a standard questionnaire.

The Ethics Committee has also issued an Irregularity Reporting Policy. This policy clarifies the Company's treatment and procedures for handling potential reported violations, but at the same time tries to discourage abuse by disgruntled employees or ex-employees. Persons making appropriate complaints under this policy are assured of protection against unfair dismissal, victimisation, or unwarranted disciplinary action, even if the concerns turn out to be unsubstantiated. In January 2025, the Irregularity Reporting

Policy was reviewed and updated to strengthen the internal process management. The updated version has been published and is available on the Company's website (www.shuionland.com/en-us/governanceBehavior/query).

ESG Initiatives

ITD – Cybersecurity & Personal Data Protection

To ensure compliance with China's cybersecurity law, the Group has acquired a multi-level protection scheme for critical system applications. The Group has ensured information security and personal privacy management compliance by obtaining ISO 27001 and ISO 27701 ISO certifications in 2025.

The ITD has conducted regular email alerts and phishing drills to promote cybersecurity awareness among the Group's staff. The ITD also worked with various business units in updating and enforcing personal privacy protection statements in compliance with the personal information protection law in China. For example, ITD worked closely with the Group's business partners to conduct a security assessment for the cross-border transfer of personal information. ITD reviewed data protection compliance and technical safeguards, and risk and incident response measures. To ensure compliance with applicable laws and regulations in China, an application for the cross-border transfer of the personal information was submitted to the Cyberspace Affairs Commission (CAC) Offices of China.

As part of its sustainable development goal, the Group will continue to strengthen its efforts in ensuring cybersecurity and personal data protection in its operation and business development.

Training

The Company organises training covering different aspects for employees to equip themselves with the knowledge and skills needed to perform their roles, ensure regulatory compliance, and promote ethical conduct. The training conducted in 2025 is summarised below:

DATE	TRAINING SESSIONS	DETAILS	ASSESSMENT REQUIREMENT	PARTICIPANTS
March	Cybersecurity Awareness Training	<ul style="list-style-type: none"> 15-minute online training 	Minimum passing score of 80/100	91% of relevant employees completed the training
	Health and Safety Training	<ul style="list-style-type: none"> 30-minute online training 	Passing score required	All relevant employees completed the training
May		<ul style="list-style-type: none"> Provide employees with the knowledge and skills required to maintain a safe and healthy working environment across offices, malls, and site settings 		
December	U.S. Foreign Corrupt Practices Act (FCPA) Training	<ul style="list-style-type: none"> Online training Provide employees with an understanding of the U.S. FCPA and its implications for business operations 	Passing score required	Approximately 815 employees participated in the training

Risk and Incident-related Policies

The Compliance Manual – Consolidated Risk and Incident-related Policies was compiled in 2023. This manual has been reviewed and updated in 2024 to further enhance the guidance in handling crises and incidents and the Company's emergency and crisis management capabilities, improve the business continuity management system, and minimise the impact of business disruptions.

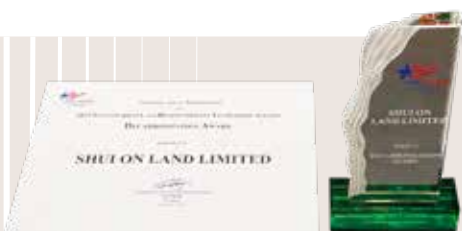
Key Awards in 2025

In 2025, Ms. Lo received the award "2025 Most Powerful Women" from Fortune China. During the year, the Company also received the following awards:



2025 Best Corporate Governance and ESG Awards – Most Sustainable Organizations Awards – Commendation (Small Market Capitalization Category)
Hong Kong Institute of Certified Public Accountants

Gold Seal for the Pilot Program on Sustainability-related Financial Information Disclosure
Hong Kong Quality Assurance Agency



Winner of Decarbonization Award
The American Chamber of Commerce, Shanghai

CORPORATE GOVERNANCE REPORT

External Auditor and Auditor's Remuneration

The remuneration paid/payable to the external auditor of the Company in respect of audit and audit-related services and non-audit services for the year ended 31 December 2025 is as follows:

Services rendered for the Company	Fee paid/payable (HKD 'M)
AUDIT AND AUDIT-RELATED SERVICES:	
Annual audit of the financial statements of the Company and its subsidiaries	4.0
Review of interim report for the six months ended 30 June 2025	1.0
NON-AUDIT SERVICES:	
Issue of letters of indebtedness statement and working capital statement in respect of the major transactions	1.0
Issue of report on the continuing connected transactions in relation to the framework agreement for smart facility enhancement work by member of the SOCAM Group to member of the Group	0.1
Sustainability related advisory services and others	1.1
Total:	7.2

Annual Remuneration of Directors and Senior Management

The remuneration of the Directors and the senior management of the Company is determined in accordance with the Company's remuneration policy and structure and in consideration of the criteria set out in the "Remuneration Committee" section on page 67.

Under code provision E.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2025 is set out below:

ANNUAL REMUNERATION BY BAND	NUMBER OF INDIVIDUALS
RMB2,000,001 – RMB4,000,000	1
RMB4,000,001 – RMB6,000,000	4
RMB8,000,001 and above	1

Details of the remuneration of the Directors for the year ended 31 December 2025 are set out in Note 10 to the consolidated financial statements.

Starting 1 January 2022, the director's fee is fixed at HKD400,000 per annum for each INED. The additional fee for serving on Board committees will be (i) HKD150,000 per annum and HKD300,000 per annum for acting as a member of and the Chairman of the Audit and Risk Committee, respectively; (ii) HKD80,000 per annum and HKD150,000 per annum for acting as a member of and the Chairman of the Nomination Committee; (iii) HKD80,000 per annum and HKD150,000 per annum for acting as a member of and the Chairman of the Remuneration Committee, respectively; (iv) HKD120,000 per annum and HKD175,000 per annum for acting as a member of and the Chairman of the Sustainability Committee; and (v) HKD120,000 per annum and HKD175,000 per annum for acting as a member of and the Chairman of the Strategy Committee, respectively.

The current remuneration package of Executive Directors (excluding Mr. Lo) and senior management consists of basic remuneration and performance-linked remuneration. Basic remuneration is a fixed remuneration that is determined for each position in consideration of their duties, responsibilities, individual performance, and market conditions. The performance-linked remuneration, including an annual discretionary bonus, is a short-term incentive that is determined in accordance with the actual business results of the Company as well as individual performance in the previous financial year.

Dividend Policy

The Dividend Policy of the Company sets out the guidelines for the Board to determine (i) whether dividends are to be declared and paid; (ii) the frequency and amount of such dividends; and (iii) the form of dividend to be paid to the shareholders 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.

Dividends payable to shareholders of the Company are also subject to compliance with certain covenants under the senior notes issued and bank borrowings, details of which can be found on page 47.

The Board confirmed that all dividend decisions have been made in accordance with the Dividend Policy. Having considered the factors mentioned in the Dividend Policy, including the Group's performance during the year as well as its overall operation, strategic and financial position as of 31 December 2025, the Company has decided to retain available funds to maintain financial flexibility amid the volatile economic and market conditions, while ensuring sufficient capital to support its future investment needs and strategic initiatives. Such approach is in line with the Company's commitment to financial discipline and delivering sustainable growth in profitability in the longer term. In this regard, the Board does not currently intend to recommend declaring payment of final dividend for the year ended 31 December 2025.

Communications with Shareholders and Investors

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Company's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which enables shareholders and investors to make the most informed investment decisions.

The Shareholders' Communication Policy is reviewed by the Company every year to ensure its implementation and effectiveness. The Company's shareholders can exchange their views with the Board in the Company's annual general meeting in person, and shareholders can communicate their opinions electronically. In addition, channels of communication are stated in the Shareholders' Communication Policy for the shareholders or investors to direct their views or queries to the Company. The details of the Shareholders' Communication Policy are published and are available on the Company's website (www.shuionland.com/en-us/governancePolicy/getPolicy).

General Meetings

The general meetings of the Company provide the best opportunity for the exchange of views between the Board and the shareholders. Annual general meetings are held in the form of a physical/hybrid meeting and the conducting language is Cantonese with simultaneous interpretation in English.

The Chairman of the Board as well as the Chairmen of the Audit and Risk Committee, the Remuneration Committee, the Nomination Committee, the Sustainability Committee, and the Strategy Committee or, in their absence, other members of the respective Board committees and, where applicable, the independent Board committee, are available to answer questions at the shareholders' meetings. The Chairman of the independent Board committee (if any) is also available to answer questions at any general meeting for approval of a connected transaction or any other transaction subject to independent shareholders' approval.

Announcements/Disclosures

The Company uses various channels and platforms, including its annual and interim results announcements, press conferences, and analyst briefings, as well as various industry conferences, to ensure the timely release of important messages.

To enhance the transparency of corporate information and comply with the relevant regulatory regime, the Company also publishes announcements of contracted sales figures half-yearly through the electronic publication system of the Stock Exchange as well as the website of the Company for equal, timely, and effective access by the public. These half-yearly sales update announcements are prepared based on internal management records.

The connected and major transactions are reviewed and assessed by the Board or an independent Board committee as required before submission at shareholders' meetings for approval and/or public disclosure (if necessary).

Information released by the Company to the Stock Exchange is concurrently published on the Company's website, which is regularly updated with corporate developments. Key events regarding financial results, business developments, and operations are also announced on a timely basis to investors through the corporate website.

Other Investor Relations Activities

To maintain and improve the visibility of the Company in the financial community, the Company holds regular roadshows and participates in investor conferences attended by key management and the investor relations team. The Company also provides other channels for the investment community for enquires including online enquiry, one-on-one meetings, conference calls, and video meetings.

2025 Investor Relations Activities

The Company maintained regular communications with its shareholders and investors through various channels throughout the year.

The 2025 AGM was held in the form of a physical meeting conducted in Cantonese with simultaneous interpretation in English. To provide more direct communications with the Company's shareholders, shareholders had the chance to discuss matters directly with the senior management of the Company, have their questions answered, and learn about the latest business initiatives and long-term development strategies of the Company during the 2025 AGM.

Most of the Directors and the external auditor were present at the 2025 AGM, and the meeting provided a useful forum for shareholders to exchange views with the Board.

CORPORATE GOVERNANCE REPORT

The Company also held press conferences and analyst briefings after releasing the interim and annual results announcements. All information released on the website of the Stock Exchange was posted on the Company's website, including financial statements, results announcements, circulars, notices of general meetings, and associated explanatory documents. Presentation materials in conjunction with the Company's results announcement and other significant events were made available on the Company's website under the Investor Relations section after their release. Half-yearly sales updates and other disclosures relating to connected transactions and significant corporate transactions were announced and published in a timely manner.

During 2025, the management and the investor relations team provided the Company's business updates by attending 6 institutional conferences, arranged 8 site visits, and held over 80 meetings, conference calls, and video meetings with approximately 230 investors and analysts.

Based on the above assessment of the Company's communication practices and channels in 2025, the Company has reviewed the implementation and effectiveness of its Shareholders' Communication Policy and confirmed it as appropriate and effective.

The Company continues to enhance communications and relationships with its investors. Designated members of the senior management of the Company maintain regular dialogue with institutional investors and analysts to keep them abreast of the Company's development. Enquiries from investors are dealt with in an informative and timely manner.

Shareholders' Rights

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including individual Directors' elections.

Poll results are made available by way of an announcement, which is published in accordance with the Listing Rules.

Under Article 66 of the Company's Articles of Association, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right to require an extraordinary general meeting of the Company ("EGM") to be called by the Board by written requisition to the Board or the Company Secretary of the Company. Shareholders should specify the business they wish to discuss at the EGM in the written requisition. Shareholders may put forward proposals at general meetings of the Company in the same manner as set out above.

The Board shall arrange to hold the EGM within two months after the deposit of such requisition. If within 21 days of deposit of the written requisition, the Board fails to proceed to convene the EGM, the shareholders themselves may do so in the same manner, and all reasonable expenses incurred by the shareholders shall be reimbursed to the shareholders by the Company.

Shareholders may at any time direct their enquiries about the Company to the Board by writing to the Company's place of business in Hong Kong at 34/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong, or by email to sol.ir@shuion.com.cn. The contact details are available on the Company's website (www.shuionland.com/en-us/investor/more?###).

Shareholders may also put forward their enquiries to the Board at the general meetings of the Company.

Company Secretary

Mr. UY Kim Lun, the Company Secretary, is an employee of the Company and is appointed by the Board. The Company Secretary is responsible for facilitating the Board's processes and communications among Board members, with the shareholders, and with the management. During the year ended 31 December 2025, Mr. Uy had undertaken not less than 15 hours of relevant professional training to update his skills and knowledge.

Constitutional Documents

There was no change in the constitutional documents of the Company during the year ended 31 December 2025.

Corporate Governance Enhancement

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code but involves promoting and developing an ethical and healthy corporate culture. The Company is committed to maintaining a high standard of corporate governance within a sensible framework, with an emphasis on the principles of transparency, integrity, accountability, sustainable development, and independence. We will continue to review and, where appropriate, improve our current practices based on our experience, regulatory changes, and developments. With the revised CG Code effective from 1 July 2025, the Company has followed the evolving trends and will strive to meet or exceed the revised CG Code. We have also experienced the trust of our shareholders, especially our minority shareholders, noting that they and the investment analyst community have lent the Company their full support based on their recognition of our efforts to enhance corporate governance. All views and suggestions from our shareholders to promote transparency are welcome.

RISK MANAGEMENT REPORT



The Company is committed to the continuous improvement of its risk management and internal control systems to ensure the long-term sustainability of its business.

Before its initial public offering, the Company established and has since continuously operated a risk identification and management system under the responsibility of the Audit and Risk Committee. Our approach to and methodology used in establishing the risk management mechanism are tailored to the Company's complex business, as it operates in numerous locations throughout the People's Republic of China ("PRC") and amid a fast-changing business environment. The Company has elected to formalise its existing risk management system with a Risk Management Policy to reference its conformance explicitly to the guidance set forth in Appendix C1 of the Listing Rules.

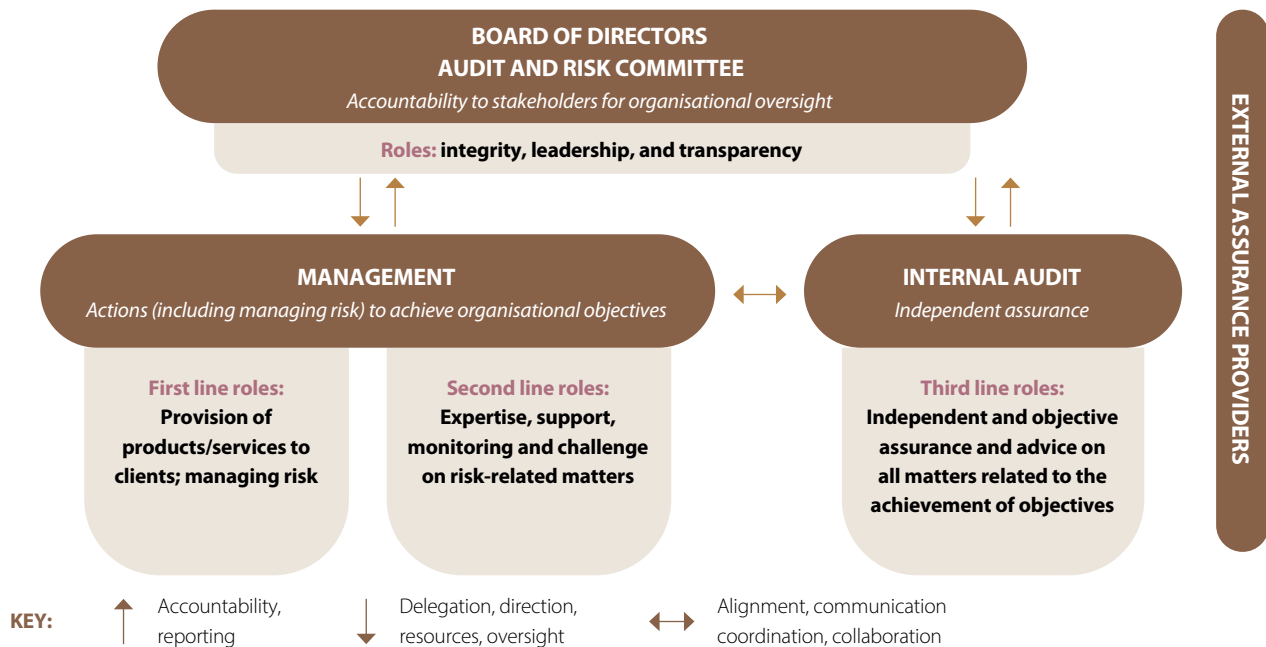
Risk Management Framework

The Group's risk management framework comprises a risk governance structure and a risk management process with reference to the "Three Lines Model" issued by The Institute of Internal Auditors and the "Enterprise Risk Management – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

RISK MANAGEMENT REPORT

(i) Risk Governance Structure

Three Lines Model



First Line Roles

The corporate and project heads of the Group participate in the implementation and monitoring of the risk management process, identify the risks associated with the Group's business activities, manage and conduct risk assessment, and put in place measures to mitigate the risks.

Second Line Roles

The Executive Committee of the Company ("EXCOM") assists the Board and the Audit and Risk Committee in overseeing the risk management system on an ongoing basis, ensuring that the risk management culture is fostered and endeavoring to implement an effective system for the Group's daily operation.

The Chief Executive Officers of the Company and of Shui On Xintiandi Limited ("SXTD") each take ownership and accountability for risk management within the Group. They oversee the risk management activities and identify and report the principal risks and relevant risk mitigations to EXCOM.

In the process, the risk management working team (comprising the relevant corporate development department colleagues) assists the Chief Executive Officers to:

- (i) formulate the principal risk mitigation plans and core management tasks, and deliver these plans and tasks to key corporate and project teams for implementation;

- (ii) strengthen the management mechanism by setting key risk indicators; and
- (iii) regularly monitor the status of risk mitigation measures and the effectiveness of their implementation and adjust the risk priorities as appropriate.

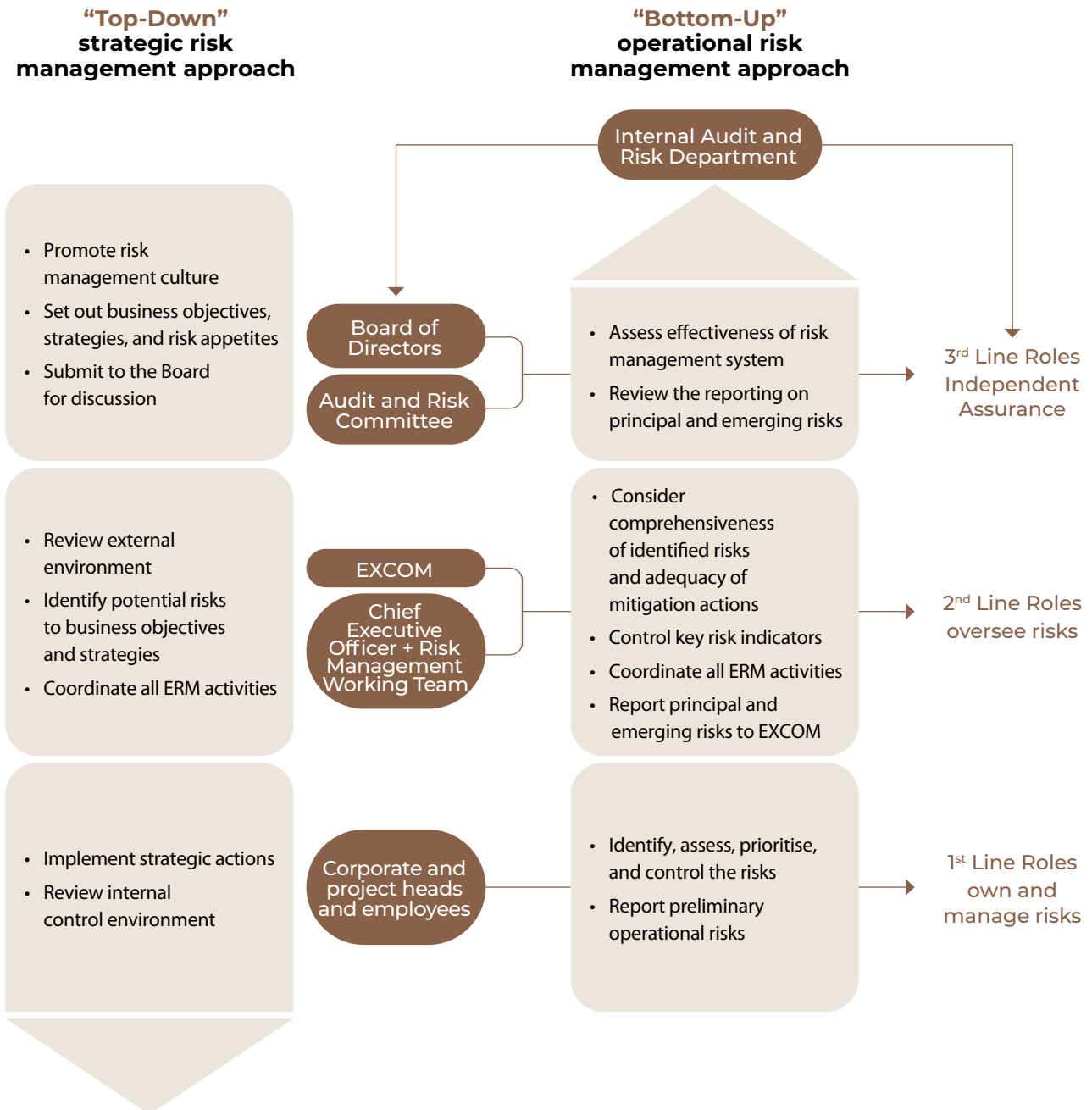
Third Line Roles

The Board is ultimately responsible for overseeing the Group's risk management and internal control systems and their effectiveness. The Board has delegated to the Audit and Risk Committee the responsibility of overseeing the corporate governance roles in the Group's financial, operational, compliance, risk management, and internal controls.

Under the third line roles, the Internal Audit and Risk Department ("IARD") carries out the role of an independent assessor with reference to the "Enterprise Risk Management – Integrated Framework" and the "Three Lines Model". It performs analysis and independent appraisal to assess the adequacy and effectiveness of the Company's risk management framework. As ESG-related risks have been rapidly evolving in recent years, it has adopted an Enterprise Risk Management ("ERM") framework to monitor ESG-related risks with reference to the relevant guidelines issued by COSO. The IARD reports the results of the independent risk and control assessment to EXCOM and provides a summary to the Audit and Risk Committee.

(ii) Risk Management Process

The Company has developed a risk management process to manage the Group’s strategic and operational risks. A “Top-Down” strategic risk management approach and a “Bottom-Up” operational risk management approach are used to identify, evaluate, and manage the Group’s principal risks.



RISK MANAGEMENT REPORT

(a) Risk Identification

The corporate and project heads, as risk owners, are responsible for identifying the preliminary risks that arise in their daily operations. Risks identified during the risk identification process are reflected in the risk inventory collated by the risk coordinators. The risk management working team assists in identifying the principal risks based on communication with the relevant corporate and project heads and the risk inventories compiled by the risk coordinators. The risk coordinators assist in coordinating the overall risk inventories of the Group and track the risks recorded in the risk registration list.

(b) Risk Assessment and Prioritisation

All risks identified will be assessed and prioritised by the risk management working team. Such risks will be continually evaluated, and the top risks of the Group are prioritised.

(c) Risk Response

The risk management working team will assist Chief Executive Officers to formulate the principal risk mitigation plans and core management tasks, coordinate all enterprise risk management activities, and coordinate key corporate/project teams to formulate crisis emergency management plans. The relevant corporate and project teams shall implement the risk mitigation plans and continuously monitor the implementation of the risk mitigation plans.

(d) Risk Monitoring

The Audit and Risk Committee is regularly updated on the risk assessment and management process. The IARD reviews the risk mitigation measures and reports their effectiveness to management to take further action, if necessary.

(e) Risk Reporting

An annual risk assessment is conducted to manage the Company's risk profile effectively. A continuous update is made to the Board at the scheduled meetings throughout the year based on the key control results reported by the management. On an annual basis, the management and the IARD provide confirmation to the Board on the effectiveness of the risk management system.

Principal Risks

A list of risks covering both strategic and operational risks is identified by the risk management process. The principal risks were identified and extracted from the list. Through the integrated top-down and bottom-up risk management process, the Company strives to manage and mitigate the risks in a timely manner. Below is a summary of the current principal risks.

Financial Risks

Risk Description	Risk Mitigations
Default <ul style="list-style-type: none">Defaulting on debt repayments or non-compliance with bond and loan covenants may lead to liquidity issue and disruption of the business.	<ul style="list-style-type: none">Active compliance measures were taken by management. Closely worked with banks in the ongoing monitoring process.Cautious cash flow management was implemented through the Company.
Liquidity & Refinancing <ul style="list-style-type: none">Poor cash flow management will increase liquidity risk and may result in financial default and damage the Company's reputation and credibility.	<ul style="list-style-type: none">The Company has taken an active role in managing its liquidity through a prudent budget and financing plan, funding arrangements, and capital expenditure plan.

Strategic Risks

Risk Description	Risk Mitigations
<p>Change of Business Environment</p> <ul style="list-style-type: none"> The Company is exposed to various economic risks. The huge uncertainties in the macro economy, consumer confidence, tenants' business performance and demand/supply of property spaces will create liquidity pressure and make investment decisions more difficult. This will also cause changes in capital market sentiment and the focus of potential investors and joint venture partners. 	<ul style="list-style-type: none"> Active monitoring of macroeconomic performance and office and retail market conditions. Formulated an internal view on the structural trends of the commercial market.
<p>Competition</p> <ul style="list-style-type: none"> The Company faces fierce competition from other residential and commercial property developers and asset managers, in particular in a soft economy. This is likely to affect our revenue income. 	<ul style="list-style-type: none"> Developed community strategies to provide stakeholders with unique products and services, to enhance the Group's core competitiveness. Further implemented the Asset-Light strategy in collaboration with suitable partners. Expanded product differentiation to strengthen the extension of the Group's brand.

Operational Risks

Risk Description	Risk Mitigations
<p>ESG</p> <ul style="list-style-type: none"> Sustainable development is increasingly important to investors and to obtaining financing. Failure to meet investor/lender expectations on ESG standards could affect the ability to raise funds or attract investment partners. 	<ul style="list-style-type: none"> Identified extreme heat and flooding as the key physical climate risks to the Company's development and assets. Engaged consultants to develop climate physical risk guidelines, provided action plans for land acquisition, design, procurement, construction, and daily operations as the first step toward climate change adaptation. Implemented emissions management and energy efficiency, waste management, and tenant and customer wellbeing.
<p>Cybersecurity</p> <ul style="list-style-type: none"> The use of digital platforms and the digitalisation of our internal processes is increasing common, if there is any personal data leakage occurred, this may damage the Company's reputation and credibility. 	<ul style="list-style-type: none"> All application system access is granted only with proper line management approval. Implemented response programmes for cybersecurity and personal data leakage incidents to minimise their impact on business operations.

Relevant policies and controls have also been long established to ensure that assets are safeguarded against improper use or disposal. Relevant regulations are complied with and the financial and accounting records are prepared and maintained according to relevant accounting standards and regulatory reporting requirements. Major risks that may impact the Group's performance are identified and managed appropriately. It should be acknowledged that the risk management framework can only provide reasonable, but not absolute, assurance against material mis-statement or loss. It is designed to manage rather than eliminate the risk of failure in achieving the business goals of the Company.

The ever-evolving landscape of ESG-related risks continues to have a significant impact on the Group's business operations, and these risks have been incorporated into the enterprise risk management framework to identify better the full spectrum of ESG-related risks. For details, please refer to the "Sustainability Report".

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT



Mr. Vincent H. S. LO



Ms. Stephanie B. Y. LO

BOARD OF DIRECTORS

Executive Directors

Mr. Vincent H. S. LO, GBM, GBS, JP,

aged 77, has served as our Chairman since the inception of our Company in February 2004. Mr. Lo leads the Board of Directors in deciding on the Company's direction and to set corporate strategies. Mr. Lo was the Chief Executive Officer of our Company from 2004 to 16 March 2011. He is also the Chairman of the Shui On Group, which he founded in 1971, Chairman of SOCAM Development Limited, a director of Shui On Company Limited, the controlling shareholder of the Company, and a Non-executive Director of Great Eagle Holdings Limited. Mr. Lo was previously a Non-executive Director of Hang Seng Bank Limited.

Mr. Lo was awarded the Grand Bauhinia Medal (GBM) in 2017, the Gold Bauhinia Star (GBS) in 1998 and appointed Justice of the Peace in 1999 by the Government of the Hong Kong Special Administrative Region (HKSAR). He was named Businessman of the Year at the Hong Kong Business Awards in 2001, and won the Director of the Year Award from The Hong Kong Institute of Directors in 2002 and Chevalier des Arts et des Lettres by the French government in 2004. Mr. Lo was honoured with "Ernst & Young China Entrepreneur Of The Year 2009" and also, as "Entrepreneur Of The Year 2009" in the China Real Estate Sector. Mr. Lo was made an Honorary Citizen of Shanghai in 1999 and Foshan in 2011. In 2012, the 4th World Chinese Economic Forum honoured Mr. Lo with the Lifetime Achievement Award for Leadership in Property Sector. In 2022, Mr. Lo was named "Life Trustee" by Urban Land Institute.

In addition to his business capacity, Mr. Lo has been active in community services. He participated in the preparatory works of the establishment of the Hong Kong Special Administrative Region and served as Chairman of Hong Kong Trade Development Council, Chairman of The Airport Authority Hong Kong and a Member of The Board of Directors of Boao Forum for Asia. He currently serves as Honorary President of Council for the Promotion & Development of Yangtze, Economic Adviser of the Chongqing Municipal Government, the Honorary Court Chairman of The Hong Kong University of Science and Technology.

Ms. Stephanie B. Y. LO,

aged 43, is the Vice Chairman and Executive Director of the Company and Shui On Xintiandi Limited, a wholly-owned subsidiary of the Company. Ms. Lo takes the lead on corporate development, business, and product innovation of the Group and also assists the Chairman of the Company in leading the Board in deciding on the direction and future development of the Company. Ms. Lo joined the Group in August 2012 and has over 22 years of working experience in the property development industry in the PRC, architecture, and interior design, as well as other art enterprises. Prior to joining the Group, Ms. Lo worked for various architecture and design firms in New York City, which include Studio Sofield – a firm well-known for its capabilities in retail design. She holds a Bachelor of Arts degree in Architecture from Wellesley College in Massachusetts. She currently serves as a Member of The Fourteenth Shanghai Committee of Chinese People's Political Consultative Conference. She has been selected as a Young Global Leader of the World Economic Forum in 2020. Ms. Lo is the daughter of Mr. Vincent H. S. LO (the Chairman of the Company), a director of Shui On Company Limited (the controlling shareholder of the Company) and was appointed as a Non-executive Director of SOCAM Development Limited with effect from 1 January 2019.



Ms. Jessica Y. WANG

Ms. Jessica Y. WANG,

aged 51, was appointed as the Executive Director and Chief Executive Officer of the Company in January 2022. Ms. Wang was the Managing Director – Project Development & Asset Management of Shui On Management Limited. Ms. Wang is responsible for leading the management team to oversee the Company's daily operations, formulating business strategic plans based on the business strategies and goals set by the Board, implementing the strategies and policies adopted by the Board, and striving to maintain the Company's business performance. Ms. Wang joined the Group in August 1997 and has over 30 years of working experience in the property development industry in the PRC. Prior to joining the Group, Ms. Wang worked in sales and marketing at a real estate company in Shanghai.

Ms. Wang holds a Bachelor of Engineering degree from the Shanghai University of Technology and an Executive Master of Business Administration (EMBA) degree from the Fudan University in Shanghai. She has completed the Senior Executive Leadership Program from the Harvard Business School. Ms. Wang is one of the deputies to the 16th Shanghai People's Congress, Chairman of Urban Regeneration Committee of Shanghai Association of Foreign Investment, Vice President of Shanghai Real Estate Chamber of Commerce, Vice President of Shanghai Real Estate Trade Association, Vice President of Shanghai Services Federation, Vice Chairman of Shanghai Hongkou Federation of Industry and Commerce, Co-chair of IWBI (Asia) Task Force on ESG, and Vice President of Shanghai Female Enterprisers Association.



Mr. Douglas H. H. SUNG

Mr. Douglas H. H. SUNG,

aged 59, is an Executive Director, Chief Financial Officer, and Chief Investment Officer of the Company. He takes the lead on the Group's investment platforms and financial management. As Chief Investment Officer, Mr. Sung is responsible for developing and executing the Group's investment strategy, diversifying the funding sources, and strengthening its investment capabilities and performance. He also assists the Board in the development of corporate strategies and the establishment of financial performance benchmarks. Mr. Sung joined our Group in January 2016 and has over 20 years of experience in the Asian real estate industry, ranging from research, capital market, direct investment, and fund management. Prior to joining the Company, Mr. Sung was the Managing Director and Head of Real Estate of Verdant Capital Group and the Managing Director and Portfolio Manager of JPMorgan Greater China Property Fund.

Mr. Sung holds a Bachelor of Architecture degree from the University of Southern California and a Master in Design Studies (Real Estate Emphasis) degree from Harvard University.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT



Mr. Anthony J. L. NIGHTINGALE



Mr. Shane TEDJARATI

Independent Non-executive Directors

Mr. Anthony J. L. NIGHTINGALE, CMG, SBS, JP,

aged 78, has been appointed as an Independent Non-executive Director of our Company since 1 January 2016. He was the Managing Director of Jardine Matheson Holdings Limited. He is a non-executive Director of Vitasoy International Holdings Limited, a director of Matheson & Co., Limited, and a commissioner of PT Astra International Tbk. He was a director of Jardine Strategic Holdings Limited, Mandarin Oriental International Limited, Prudential plc, Jardine Cycle & Carriage Limited, Jardine Matheson Holdings Limited, DFI Retail Group Holdings Limited and Hongkong Land Holdings Limited.

Mr. Nightingale is a chairperson of The Sailors Home and Missions to Seafarers. He is the former chairman of the Hong Kong General Chamber of Commerce and was appointed a member of The HKSAR Chief Executive's Council of Advisers on Innovation and Strategic Development (2017 to 2022), an ABAC Representative of Hong Kong, China, from 2005 to 2017 and the Hong Kong representative to the APEC Vision Group from 2018 to 2019.

Mr. Shane TEDJARATI,

aged 63, has been appointed as an Independent Non-executive Director of the Company since 18 January 2021. He is the Chairman and Chief Executive Officer of Tribridge Group and has served as Senior Advisor of Honeywell International Inc. ("Honeywell") (NYSE: HON) since 1 January 2022. He was President of Global High Growth

Regions in Honeywell and was an officer of the company from September 2004 to December 2021. Mr. Tedjarati was responsible for driving the business expansion of Honeywell in high growth regions of the world: Asia, Africa, Latin America, the Middle East, and Eastern Europe. Prior to joining Honeywell, Mr. Tedjarati spent 20 years in the information technology and management consulting fields and was the regional managing director for Deloitte Consulting (Greater China) from July 1999 to August 2004, where he worked with Chinese state-owned enterprises and multinational corporations to help them formulate and execute strategies for sustainable growth in China and abroad. Mr. Tedjarati studied Mathematics and Computer Science at McGill University, Canada; Master of Business Administration at the University of Surrey, United Kingdom; and Executive Program in e-Commerce at the Wharton School of Management of the University of Pennsylvania. Mr. Tedjarati is an accomplished aviator and holds the highest levels of FAA pilot certifications (Airline Transport License) and jet-type ratings.

Mr. Tedjarati is a Henry Crown Fellow of The Aspen Institute and also co-founder of its two flagship programs – the Middle East Leadership Initiative and the China Fellowship Program. He is a special advisor to Chongqing and Wuhan Mayors, a member of the advisory board of Antai College of Economics and Management at Shanghai Jiao Tong University, and industry Co-Chair of China Leaders for Global Operations, a dual master's degree program by Massachusetts Institute of Technology and Shanghai Jiao Tong University, and Advisory Council Member of the University of Berkeley AMENA Centre for Entrepreneurship and Development.

Mr. Tedjarati has lived in Greater China (Hong Kong and Shanghai) for more than 25 years and speaks six languages including Mandarin Chinese.



Ms. Ya Ting WU

Ms. Ya Ting WU,

aged 51, has been appointed as an Independent Non-executive Director of our Company since 27 January 2021. She is the Chief Executive Officer of Richemont South East Asia and Oceania. She was the Chief Executive Officer of Fengmao Trade (Shanghai) Co., Ltd. ("Fengmao"), a joint venture between Richemont/Yoox Net-a-Porter Group and Alibaba Group. Ms. Wu joined Fengmao in July 2019 and Unilever Group in September 1998. Ms. Wu took on different roles across different countries while she was with Unilever Group; she was employed by Unilever China Co. Ltd. as the Vice President of Digital and E-Commerce for Unilever North Asia. She has more than 27 years of working experience in the consumer goods industry and luxury fashion industry with a successful track record of business delivery across 6 countries of which more than 10 years within Mainland China.

Ms. Wu served as an Advisory Board Member of Schneider Electric Taiwan Company Limited in 2015 and served to the Board of European Chamber of Commerce Taiwan and British Chambers of Commerce in Taipei in 2016. Ms. Wu holds a degree in Business Administration and Finance from Solvay Business School, Belgium and an MBA in Finance from European AMSEC.

Mr. Albert K. P. NG,

aged 68, has been appointed as an Independent Non-executive Director of our Company since 11 October 2022. Mr. Ng was the chairman of Ernst & Young China, the managing partner of Ernst & Young in Greater China, and a member of Ernst & Young's Global Executive Committee. He has over 30 years of professional experience in accounting in Hong Kong and Mainland China. Prior to joining Ernst & Young, Mr. Ng served as Managing Partner of Arthur Andersen in Greater China, Managing Partner of the China Operation of PricewaterhouseCoopers, and the managing director of Citigroup China Investment Banking.



Mr. Albert K. P. NG

Mr. Ng is currently an Honorary Advisor of the Hong Kong Business Accountants Association and a member of the Advisory Board of the School of Accountancy and the MBA Programs of The Chinese University of Hong Kong. Mr. Ng is a member of the Audit Committee of The Chinese University of Hong Kong, Shenzhen.

Mr. Ng is an Independent Non-executive Director of Ping An Insurance (Group) Company of China, Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 601318) and the Hong Kong Stock Exchange (stock code: 02318)), China International Capital Corporation Limited (a company listed on the Shanghai Stock Exchange (stock code: 601995) and the Hong Kong Stock Exchange (stock code: 03908)), and an Independent Director of Alibaba Group Holding Limited (a company listed on the New York Stock Exchange (stock code: BABA) and the Hong Kong Stock Exchange (stock code: 09988)). Mr. Ng previously served as an Independent Non-executive Director of Beijing Airdoc Technology Co., Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 02251)).

Mr. Ng is a member of the Hong Kong Institute of Certified Public Accountants (HKICPA), Chartered Accountants of Australia and New Zealand (CAANZ), CPA Australia (CPAA), and the Association of Chartered Certified Accountants (ACCA). He obtained his Bachelor of Business Administration degree and his Master of Business Administration degree from The Chinese University of Hong Kong.

Ms. Randy W. S. LAI,

aged 53, has been appointed as an Independent Non-executive Director of our Company since 1 July 2023. With a wealth of experience in the global consumer industry, she serves as CEO of McDonald's Hong Kong since August 2017 and was its first homegrown female Managing Director, from May 2011 to July 2017. Ms. Lai has been a board member of Ronald McDonald House Charities Hong Kong Limited, supporting chronically ill children

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT



Ms. Randy W. S. LAI

and their families. Ms. Lai also serves as an Adjunct Associate Professor at the Business School of The Chinese University of Hong Kong since 2012.

Ms. Lai holds an Executive Master in Business Administration from The Chinese University of Hong Kong and a Bachelor in Arts from Western University in Canada.

Mr. Clement K. M. KWOK, Chevalier de l'Ordre National de la Légion d'Honneur

aged 66, has been appointed as an Independent Non-executive Director of our Company since 1 July 2025. He has extensive experience in accounting, investment banking, and corporate and financial management. After qualifying as a chartered accountant with Price Waterhouse London in 1983, he had over 10 years of investment banking experience with Barclays de Zoete Wedd in London and Schroders Asia in Hong Kong, where he was appointed as Head of Corporate Finance in 1991 and led major initial public offerings, and mergers and acquisitions work for many of Hong Kong's top corporate groups, banks and the Hong Kong Government. Mr. Kwok then served as Finance Director of MTR Corporation Limited from 1996 to 2002.

Mr. Kwok has over two decades of experience in hospitality and real estate, as well as board and committee experience for other listed entities. From February 2002 to October 2024, Mr. Kwok was the Managing Director and Chief Executive Officer of The Hongkong and Shanghai Hotels, Limited (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 00045)), which is the owner and operator of the Peninsula Hotels Group. Following his retirement in October 2024, Mr. Kwok continued to serve as an Executive Director and Advisor to the Chief Executive Officer of The Hongkong and Shanghai Hotels, Limited until May 2025. He was previously an Independent Non-executive



Mr. Clement K. M. KWOK

Director of Swire Pacific Limited (stock codes: 'A' Shares 00019, 'B' Shares 00087) and Orient Overseas (International) Limited (stock code: 00316), both of which are listed on the Main Board of the Stock Exchange.

Mr. Kwok's knowledge of international markets, accounting, corporate risk management, and compliance is enhanced by his experience serving on prominent regulatory bodies such as the Listing Committee of the Stock Exchange, the Takeovers and Mergers Panel of the Securities and Futures Commission, and the Interpretations Committee of the International Accounting Standards Board.

Mr. Kwok is currently an Independent Non-executive Director and the Chairman of the Audit Committee of Hang Seng Bank Limited (a company listed on the Main Board of the Stock Exchange until 27 January 2026), an Independent Non-executive Director and a member of each of the Audit Committee, the Nomination Committee, and the Corporate Governance Committee of Chen Hsong Holdings Limited (a company listed on the Main Board of the Stock Exchange (stock code: 00057)) and an Independent Non-executive Director and a member of each of the Audit Committee and the Nomination Committee of Wing Tai Properties Limited (a company listed on the Main Board of the Stock Exchange (stock code: 00369)). He is also the Chairman of the Advisory Committee on Hotel and Tourism Management of CUHK Business School of The Chinese University of Hong Kong and a member of the International Advisory Council of Faculty of Business and Economics of The University of Hong Kong.

Mr. Kwok holds a Bachelor of Science in Economics from the London School of Economics. He is a fellow of each of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

SENIOR MANAGEMENT

Mr. Allan B. ZHANG,

aged 47, was appointed as Chief Executive Officer of Shui On Xintiandi Limited ("Shui On Xintiandi") effective from 1 January 2022. He has served as Executive Director of Shui On Management Limited ("SOM") since January 2016. Mr. Zhang joined the Group in 2004.

Mr. Zhang is responsible for the overall strategy of Shui On Xintiandi, as well as the operation and management of the Company's commercial asset portfolio and the expansion of the Group's commercial assets strategy in the PRC. In his previous roles, Mr. Zhang led SOM's commercial product development functions including development research, product development, project design, and asset operations. He was also responsible for the Company's overall development project in Shanghai Xintiandi area known as "Greater Xintiandi". He successfully led the development, construction, and operation of Wuhan Xintiandi as well as KIC in Shanghai.

Mr. Zhang has over 22 years of experience in the PRC property development, urban regeneration, and commercial asset management industries. He is a member of the People's Congress of Shanghai Huangpu District.

Mr. Zhang graduated from Tongji University in Shanghai, PRC with a Bachelor's degree in materials engineering and a master's degree in materials physics and chemistry. He also holds an Executive MBA from both the Kellogg School of Management at Northwestern University (USA) and The Hong Kong University of Science and Technology.

Mr. Matthew Q. GUO,

aged 51, re-joined the Group in July 2022 as an Executive Director of SOM. He leads the Planning and Development Department, Product Innovation and Design Management Department, Cost Management Department, Project Management Department, and IT and Digital Innovation Department of the Company. He also oversees Wuhan, Foshan, Chongqing, and Nanjing projects. Mr. Guo joined the Group in 1997 and has over 27 years of working experience in the property development industry in the PRC. Mr. Guo was the Project Director of the Wuhan Xintiandi project, Executive Director of SOM, and Managing Director of Feng Cheng Property Management before he left the Group in 2018. He was also involved in other projects of the Group including Xintiandi Shikumen Block, Taipingqiao Park, The Lakeville Phase I, and the Yangpu Knowledge and Innovation Community project in Shanghai. Mr. Guo holds a Bachelor's degree in urban planning from Tongji University in Shanghai.

Ms. Jenny H. LI,

aged 47, was appointed as the Senior Director of Property Development of the Company with effect from 1 January 2022. She leads the Shui On Construction business of the Company, and coordinates and manages the development of various integrated projects. She joined the Group in 2001 and has over 25 years of working experience in the real estate industry in the PRC.

Ms. Li holds a Bachelor's degree of Engineering in Civil Engineering from Tongji University in Shanghai and an Executive Master of Business Administration (EMBA) degree from the Fudan University in Shanghai. Ms. Li also holds the Professional Certificate of Senior Engineer. She currently serves as a Member of the Committee of Chinese People's Political Consultative Conference of Huangpu District, Shanghai.

Mr. Albert K. B. CHAN,

aged 66, joined the Group in 1997, is the Director of Planning and Development. He was also appointed as the Chief Sustainability Officer of our Group effective from 1 January 2022. From 1997, he has led the masterplanning and design of multiple award winning "Tiandi" community developments for the Company. From 1998 to 2001, he led the design effort for the Shanghai Xintiandi development. Mr. Chan leads the Sustainable Development Department of the Company and is responsible for the objectives and initiatives in sustainability of the Group.

Prior to joining the Group, Mr. Chan worked at the New York City Department of Design and Construction and at Cooper, Robertson + Partners. Mr. Chan holds a B.Arch from the University of Minnesota, a M.Arch from the University of California, Berkeley, a M.S in Urban Design from Columbia University, and an MBA from New York University. He chaired the ULI Mainland China Council from 2017 to 2019, and chaired the 2023 ULI Global Award for Excellence jury. He is an Honorary Fellow of the American Institute of Architects (Hon. FAIA), and a Chartered Member of the Royal Institute of British Architects (RIBA). He co-chairs the jury for the China Real Estate Design Competition since 2020. He had been appointed as a member of International Panel of Experts of Urban Redevelopment Authority (URA), Singapore effective 2023-2025.

Ms. Rachel Y. Q. LEI,

aged 46, was appointed as the Senior Director of Commercial of Shui On Xintiandi with effect from 1 January 2022. She leads the Operation Excellence function of Shui On Xintiandi including the Asset Management Department, Central Marketing Department and Community Operation and Service Department. She is also responsible for the day-to-day operation and management of the Ruihong Xintiandi project. She continues to oversee Chongqing Xintiandi project. Ms. Lei joined the Group in 2001 and has over 24 years of working experience in the real estate industry in the PRC. Ms. Lei obtained both a Bachelor's degree in Journalism and a Bachelor's degree in Finance from Shanghai Jiao Tong University in July 2001. She is a member of the Association of Chartered Certified Accountants.

Mr. Clarence C. F. LEE,

aged 52, joined our Group in August 2018 and was appointed as the Senior Director of Commercial of Shui On Xintiandi effective from 1 January 2022. He is primarily responsible for the Company's central retail leasing function and retail & office leasing for Shanghai Xintiandi. Mr. Lee obtained a Bachelor's degree in Computer Science from The University of Hong Kong in December 1998.

DIRECTORS' REPORT

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

Principal Activities

The Company acts as an investment holding company. The activities of its subsidiaries, associates, and joint ventures are set out in Notes 45, 17, and 18, respectively, to the consolidated financial statements.

Business Review

A fair review of the business of the Group during the year and the discussions on the Group's future business development are provided in Chairman's Statement, Project Profiles, Business Review, Financial Review, and Market Outlook, respectively from pages 8 to 13, pages 16 to 27, pages 28 to 41, pages 44 to 48 and pages 49 to 51 of this Annual Report. A description of possible risks and uncertainties that the Group may be facing can be found in Financial Review on pages 44 to 48. Also, the financial risk management objectives and policies of the Group can be found in Notes 40 and 41 to the consolidated financial statements. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2025 are provided in Note 43 to the consolidated financial statements. Indications of likely future development in the business of the Company can be found in Business Review and Financial Review on pages 28 to 41 and pages 44 to 48. An analysis of the Group's performance during the year using financial key performance indicators is provided in Financial Review on pages 44 to 48. The discussions on the Group's environmental policies, relationships with its key stakeholders, and compliance with relevant laws and regulations which have a significant impact on the Group are contained in Chairman's Statement, Corporate Governance Report, Sustainability Report, and this Directors' Report on pages 8 to 13, pages 58 to 80, pages 52 to 57 and pages 92 to 108 of this Annual Report.

Results and Appropriations

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss on page 113.

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).

Investment Properties

Details of the movements in the investment properties of the Group during the year are set out in Note 13 to the consolidated financial statements.

Property and Equipment

Details of the movements in the property and equipment of the Group during the year are set out in Note 14 to the consolidated financial statements.

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 187 of this Annual Report.

Share Capital

Details of the movements in the share capital of the Company during the year ended 31 December 2025 are set out in Note 28 to the consolidated financial statements.

Distributable Reserves of the Company

The Company's reserves available for distribution to shareholders as of 31 December 2025 were RMB19,809 million (2024: RMB19,633 million).

Directors

The Directors of the Company during the year ended 31 December 2025 and up to the date of this Directors' Report were:

EXECUTIVE DIRECTORS:

Mr. Vincent H. S. LO

Ms. Stephanie B. Y. LO

Ms. Jessica Y. WANG

Mr. Douglas H. H. SUNG

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Professor Gary C. BIDDLE (retired on 16 May 2025)

Mr. Anthony J. L. NIGHTINGALE

Mr. Shane TEDJARATI

Ms. Ya Ting WU

Mr. Albert K. P. NG

Mr. Gregory K. L. SO (passed away on 13 December 2025)

Ms. Randy W. S. LAI

Mr. Clement K. M. KWOK (appointed on 1 July 2025)

DIRECTORS' REPORT

In accordance with Article 102 of the Articles of Association of the Company (the "Articles of Association"), Ms. Stephanie B. Y. LO, Mr. Albert K. P. NG and Mr. Anthony J. L. NIGHTINGALE will retire from office by rotation at the forthcoming annual general meeting to be held on 27 May 2026 ("AGM") and being eligible, will offer themselves for re-election at the AGM.

In accordance with Article 97(3) of the Articles of Association, Mr. Clement K. M. KWOK will hold office until the AGM and, being eligible, will offer himself for re-election at the AGM.

Each of the Independent Non-executive Directors has made an annual confirmation of independence taking into account the factors referred to in Rule 3.13 of the Listing Rules. The Company considers that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

Changes in Information of Directors

Mr. Clement K. M. KWOK was appointed as an independent non-executive director of Wing Tai Properties Limited on 1 December 2025. Save as disclosed in this Annual Report, the Company is not aware of any other information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Permitted Indemnity

The Articles of Association provide that every Director (including any alternate Director appointed according to the relevant articles) shall be indemnified and secured harmless out of the assets and funds of the Company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him in or about the conduct of the Company's business or affairs or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

Directors' Interests in Securities

At 31 December 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (i) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or (ii) were recorded in the register required to be kept under section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(a) Long position in the shares and the underlying shares of the Company

Name of Directors	Number of ordinary shares			Total	Approximate percentage of interests to the issued share capital of the Company (Note 3)
	Personal interests	Family interests	Other interests		
Mr. Vincent H. S. LO ("Mr. Lo")	–	1,849,521 (Note 1)	4,511,756,251 (Note 2)	4,513,605,772	56.23%
Ms. Stephanie B. Y. LO ("Ms. Lo")	–	–	4,511,756,251 (Note 2)	4,511,756,251	56.21%
Ms. Jessica Y. WANG ("Ms. Wang")	670,500	–	–	670,500	0.008%

Notes:

- (1) These shares were beneficially owned by Ms. Loletta CHU ("Mrs. Lo"), the spouse of Mr. Lo. Mr. Lo was deemed to be interested in 1,849,521 shares under Part XV of the SFO.
- (2) These shares were held by Shui On Company Limited ("SOCL") through its controlled corporations, comprising 1,725,493,996 shares, 2,756,414,318 shares, and 29,847,937 shares held by Shui On Properties Limited ("SOP"), Shui On Investment Company Limited ("SOL"), and New Rainbow Investments Limited ("NRI"), respectively, whereas SOP was a wholly-owned subsidiary of SOL. NRI was a wholly-owned subsidiary of SOCAM Development Limited ("SOCAM") which in turn was held by SOCL as to approximately 63.29% as of 31 December 2025. SOCL was held under the Bosrich Unit Trust, the trustee of which was Bosrich Holdings (PTC) Inc. ("Bosrich"). The units of the Bosrich Unit Trust were the property of a discretionary trust, with Mr. Lo as the founder and a discretionary beneficiary, Ms. Lo as a discretionary beneficiary, and HSBC International Trustee Limited ("HSBC Trustee") as the trustee. Accordingly, Mr. Lo, Mrs. Lo, Ms. Lo, Bosrich, and HSBC Trustee were deemed to be interested in such shares under Part XV of the SFO.
- (3) These percentages were compiled based on the total number of issued shares (i.e., 8,027,265,324 shares) of the Company at 31 December 2025.

(b) Long position in the shares of the associated corporation of the Company – SOCAM

Name of Directors	Number of ordinary shares			Total	Approximate percentage of interests to the issued share capital (Note 3)
	Personal interests	Family interests	Other interests		
Mr. Lo	–	312,000 (Note 1)	236,309,000 (Note 2)	236,621,000	63.37%
Ms. Lo	–	–	236,309,000 (Note 2)	236,309,000	63.29%

Notes:

- (1) These shares were beneficially owned by Mrs. Lo, the spouse of Mr. Lo. Mr. Lo was deemed to be interested in 312,000 shares under Part XV of the SFO.
- (2) These shares were beneficially owned by SOCL. SOCL was held under the Bosrich Unit Trust, the trustee of which was Bosrich. The units of the Bosrich Unit Trust were the property of a discretionary trust, with Mr. Lo as the founder and a discretionary beneficiary, Ms. Lo as a discretionary beneficiary, and HSBC Trustee as the trustee. Accordingly, Mr. Lo, Mrs. Lo, Ms. Lo, Bosrich, and HSBC Trustee were deemed to be interested in such shares under Part XV of the SFO.
- (3) These percentages have been compiled based on the total number of issued shares (i.e., 373,346,164 shares) of SOCAM at 31 December 2025.

Save as disclosed above, at 31 December 2025, none of the Directors or the chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of interests required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REPORT

Substantial Shareholders' Interests in Securities

At 31 December 2025, the persons or corporations (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name of shareholders	Capacity/ Nature of interests	Total number of ordinary shares and underlying shares	Approximate percentage of interests to the issued share capital of the Company (Note 4)
Mrs. Lo	Family and personal interests	4,513,605,772 (Notes 1 & 3)	56.23%
HSBC Trustee	Trustee	4,511,756,251 (Notes 2 & 3)	56.21%
Bosrich	Trustee	4,511,756,251 (Notes 2 & 3)	56.21%
SOCL	Interests of controlled corporation	4,511,756,251 (Notes 2 & 3)	56.21%

Notes:

(1) These shares comprised 1,849,521 shares beneficially owned by Mrs. Lo and 4,511,756,251 shares in which Mr. Lo, the spouse of Mrs. Lo, had a deemed interest under Part XV of the SFO as mentioned in Note (2) below. Accordingly, Mrs. Lo was also deemed to be interested in 4,511,756,251 shares under Part XV of the SFO.

(2) These shares were held by SOCL through its controlled corporations, comprising 1,725,493,996 shares, 2,756,414,318 shares, and 29,847,937 shares held by SOP, SOL, and NRI, respectively, whereas SOP was a wholly-owned subsidiary of SOL. NRI was a wholly-owned subsidiary of SOCAM which in turn was held by SOCL as to approximately 63.29% as of 31 December 2025. SOCL was held under the Bosrich Unit Trust, the trustee of which was Bosrich. The units of the Bosrich Unit Trust were the property of a discretionary trust, with Mr. Lo as the founder and a discretionary beneficiary, Ms. Lo as a discretionary beneficiary, and HSBC Trustee as the trustee. Accordingly, Mr. Lo, Mrs. Lo, Ms. Lo, Bosrich, and HSBC Trustee were deemed to be interested in such shares under Part XV of the SFO.

(3) All the interests stated above represent long positions.

(4) These percentages were compiled based on the total number of issued shares (i.e., 8,027,265,324 shares) of the Company at 31 December 2025.

Save as disclosed above, at 31 December 2025, the Directors are not aware of any other person or corporation (other than a Director or chief executive of the Company), having an interest or short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

Share Option Scheme and Share Award Schemes

Share Option Scheme

A share option scheme (the "Share Option Scheme") was adopted by the Company on 24 May 2017 for a period of 10 years commencing on the adoption date and ending on 23 May 2027. No share option has been granted under the Share Option Scheme since its adoption. Therefore, there was no share option outstanding as at the beginning and the end of the year ended 31 December 2025 and no share option lapsed or was exercised or cancelled during the year ended 31 December 2025. At the beginning and the end of the year ended 31 December 2025, the number of options available for grant in respect thereof is 802,663,018 shares of the Company (the "Shares").

The summary of the Share Option Scheme is as follows:

(i) Purpose

The purpose of the Share Option Scheme is to provide a strategic driver to enhance shareholder value of the Company through achieving excellent business results and rapid growth; and to build a high performing organisation with loyal staff and other key contributors who are committed to achieving the vision and goals of the Company.

(ii) Qualifying participant

The Board may offer to grant an option to any person employed by the Company or a majority owned subsidiary of the Company as the Remuneration Committee may recommend and the Board may approve; and any non-executive director, consultant, advisor of the Company or its subsidiaries, or service providers and business partners who have or may contribute to the Group as the Chairman may recommend and the Board may approve ("Qualifying Participant").

(iii) Maximum number of Shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the issued share capital of the Company at the adoption date and the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30% of the issued share capital of the Company from time to time. No options may be granted under the Share Option Scheme if this will result in such limit exceeded. At the date of this Annual Report, the number of Shares available for issue in respect thereof is 802,663,018 Shares, representing approximately 10% of the total issued Shares at the date of this Annual Report.

(iv) Limit for each participant

The total number of Shares issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-month period to each participant must not exceed 1% of the Shares in issue. Where any further grant of share options under the Share Option Scheme to a Qualifying Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled, and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be subject to separate approval by the shareholders of the Company in general meeting with the relevant Qualifying Participant and his close associates abstaining from voting.

(v) Option period

In respect of any particular option, such time period as the Remuneration Committee may in its absolute discretion determine and specify in relation to any particular grantee in his option agreement during which the option may be exercised (subject to such restriction on exercisability specified therein) but which shall not, in any circumstances, exceed the period prescribed by the Listing Rules from time to time (which is, at the date of adoption of the Share Option Scheme, a period of ten (10) years from the Commencement Date (as defined in the Share Option Scheme) of the relevant option).

DIRECTORS' REPORT

(vi) Vesting period

An option shall vest and become exercisable in such manner and on such date and for such amount as the Remuneration Committee may from time to time determine, provided that the condition(s) precedent (if applicable) to its vesting set out in the option agreement having been satisfied.

(vii) Acceptance and payment on acceptance

An offer shall remain open for acceptance by the Qualifying Participant concerned for a period of 30 days from the date of the offer (or such longer period as the Remuneration Committee may specify in writing). HKD1.00 is payable by the grantee to the Company on acceptance of the offer of the option. If such remittance is not made upon acceptance, acceptance of an offer shall create a promise by the relevant grantee to pay to the Company HKD1.00 on demand.

(viii) Subscription price

The price per Share at which a grantee may subscribe for Shares on the exercise of an option pursuant to the Share Option Scheme (the "Subscription Price") shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Subscription Price Reference Date (as defined in the Share Option Scheme); (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Subscription Price Reference Date; and (iii) the nominal value of a Share.

(ix) Remaining life of the Share Option Scheme

The Board shall be entitled at any time within 10 years commencing on 24 May 2017 to make an offer for the grant of an option to any Qualifying Participant. The remaining life of the Share Option Scheme is approximately 1 year and 2 months from the date of this Annual Report.

Share Award Schemes

The connected employee share award scheme (the "Connected Employee Share Award Scheme") and the employee share award scheme (the "Employee Share Award Scheme") (collectively, the "Share Award Schemes") were adopted by the Company on 1 April 2015. The Connected Employee Share Award Scheme was adopted for chief executive officers, directors, or employees who are connected persons of the Company. The Employee Share Award Scheme was adopted for employees other than those covered under the Connected Employee Share Award Scheme.

On 1 April 2015, the Board resolved to grant (i) Awards (as defined in the Share Award Schemes) for a total of 17,149,000 Award Shares (as defined in the Share Award Schemes) to 15 connected employees^(Note) of the Group under the Connected Employee Share Award Scheme and (ii) Awards for a total of 7,705,000 Award Shares to 13 employees of the Group under the Employee Share Award Scheme respectively at no consideration (collectively, the "Awarded Shares").

Note: The 15 connected employees of the Group were Mr. Daniel Yim Keung Wan, Mr. Philip Kun To Wong, Mr. Tang Ka Wah, Mr. Charles Wing Ming Chan, Ms. Jessica Ying Wang, Mr. Matthew Qing Guo, Mr. Willie Kim Lun Uy, Mr. Bryan Kin Wang Chan, Mr. Timmy Tat Man Leung, Mr. Adam Kim Fung Li, Mr. Dixon Man, Mr. Allan Bin Zhang, Ms. Sarah Ying Xian Zhang, Mr. Alfred Jun Ao Wu, and Mr. Frankie Kwok Fai Lai. Mr. Daniel Yim Keung Wan, Mr. Philip Kun To Wong, Mr. Tang Ka Wah, Mr. Charles Wing Ming Chan, Mr. Bryan Kin Wang Chan, Mr. Alfred Jun Ao Wu, Mr. Frankie Kwok Fai Lai, and Mr. Timmy Tat Man Leung have left the Group. Mr. Matthew Qing Guo left the Group in 2018 and rejoined the Group in 2022. The award shares granted but unvested to Mr. Guo lapsed in 2018 when he left the Group.

The Awarded Shares shall vest upon conditions relating to the Group's performance, and the individual performance being met during the period from 2014 to 2016. The key performance measures were taken with reference to the Group's financial performance and strategic growth. All Awarded Shares disclosed above were either vested in tranches or lapsed between 2015 and 2019. At the beginning and the end of the year ended 31 December 2025, there were no unvested Awards granted under the Share Award Schemes.

During the year ended 31 December 2025, no Award has been granted under the Share Award Schemes. During the year ended 31 December 2025, no Award under the Share Award Schemes was vested, cancelled, or lapsed.

Since the adoption of the Share Award Schemes, 7,143,750 Award Shares (excluding the 17,710,250 Shares lapsed and held in the trusts for the Share Award Schemes, which comprise 13,725,875 Shares for grant under the Connected Employees Share Award Scheme and 3,984,375 Shares for grant under the Employee Share Award Scheme) were utilised under such scheme mandate. Accordingly, the total number of Award Shares available for grant under the Share Award Schemes at the beginning and the end of the year ended 31 December 2025 (based on the then issued Shares) were both 394,219,516 Award Shares.

The terms of the Connected Employee Share Award Scheme and the Employee Share Award Scheme are substantially similar. The material terms of the two schemes are summarised as follows:

(i) Purposes

The purposes of the Share Award Schemes are (i) to promote significant and integrated growth in the coming years through financial achievement, attainment of project milestones and ensuring potential for future growth; (ii) to closely align executive interests with the successful transformation of the Company; (iii) to support sustainable development of the Company; and (iv) to provide a performance-driven long term incentive award to motivate and retain key senior management.

(ii) Selected participant

The Remuneration Committee may, from time to time, at its absolute discretion, select (i) any individual being an existing chief executive officer, director or employee of any member of the Group (other than Shui On Xintiandi Group Limited (formerly known as China Xintiandi Limited), Pat Davie (China) Limited, 瑞安建築有限公司 (Shui On Construction Co., Ltd.*) and their respective subsidiaries) who is a connected person of the Company and (ii) any individual being an existing employee or officer of any member of the Group (other than Shui On Xintiandi Group Limited (formerly known as China Xintiandi Limited), Pat Davie (China) Limited, 瑞安建築有限公司 (Shui On Construction Co., Ltd.*) and their respective subsidiaries) (excluding chief executive officers, directors or employees of any member of the Group who are connected persons of the Company) to participate in the Connected Employee Share Award Scheme and the Employee Share Award Scheme, respectively (the "Selected Participants"). In determining the Selected Participants, the Remuneration Committee shall take into consideration matters including, but without limitation, the present and expected contribution of the relevant Selected Participants to the Group.

(iii) Administration

The Share Award Schemes shall be subject to the administration of the Remuneration Committee and the Trustee (as defined in the Share Award Schemes) in accordance with the terms of the Share Award Schemes and the terms of the Trust Deeds (as defined in the Share Award Schemes). The human resources department of the Company shall assist the Remuneration Committee in relation to the documentations and administrative procedural matters of the Share Award Schemes.

* For identification purposes only.

DIRECTORS' REPORT

(iv) Scheme limit

The Company shall not make any further grant of Award which will result in the total number of Award Shares granted under the Share Award Schemes to exceed 5% of the total number of issued share capital of the Company from time to time. The total number of Shares available for issue under the Share Award Schemes (based on the then issued Shares at the date of this Annual Report) were 394,219,516 Shares, representing approximately 4.9% of the total issue Shares at the date of this Annual Report.

The maximum number of Award Shares which may be granted to a Selected Participant but unvested under either of the Share Award Schemes shall not exceed 1% of the total number of issued share capital of the Company from time to time.

(v) Vesting of Awards

The Remuneration Committee shall determine from time to time such vesting conditions or vesting periods for the Award Shares to be vested. Unless otherwise determined by the Board at its discretion, the Award Shares shall vest in accordance with the conditions and timetable as set out in the relevant award letter issued to the Selected Participants at the time of grant. Upon satisfaction of applicable vesting criteria and conditions, the Company shall issue a vesting notice to the Selected Participants for the vesting of Awards and direct the Trustee to transfer and release the relevant Award Shares from the Trust to or for the benefit of the relevant Selected Participants.

(vi) Settlement of Awards

The Company shall pay to the Trustee monies and give direction(s) or a recommendation to the Trustee to apply such monies and/or such other net amount of cash derived from Shares held as part of the funds of the Trust to acquire Shares on the market (the "Purchased Shares") and/or allot and issue Shares (the "Subscribed Shares") to the Trustee to satisfy any Award made to Selected Participants, provided that Awards made to (a) Selected Participants who are not connected persons of the Company shall only be satisfied by Subscribed Shares to the extent that a general mandate is available for the Company to allot new Shares, or a specific approval by shareholders of the Company has been obtained for the issue of Award Shares to such Selected Participants in accordance with all applicable laws, rules and regulations (including but not limited to the Listing Rules); and (b) Selected Participants who are connected persons of the Company shall not be satisfied by Subscribed Shares, unless the Company has, where required, obtained the approval by shareholders of the Company for the issue of Award Shares to such Selected Participants in accordance with all applicable laws, rules and regulations (including but not limited to the Listing Rules).

(vii) Amount payable on application or acceptance of the Awards and the period within which payments or calls must or may be made or loans for such purposes must be repaid

Selected Participants are not required to make any payment for the application or acceptance of Awards under the Share Award Schemes.

(viii) Basis of determining the purchase price of the Award Shares

It is not applicable as there is no purchase price under the Share Award Schemes.

(ix) Duration

Subject to any early termination as may be determined by the Board pursuant to the terms of the Share Award Schemes, the Share Award Schemes shall be valid and effective for a term of 16 years commencing on 1 April 2015. The remaining life of each of the Share Award Schemes is approximately 5 years from the date of this Annual Report.

The number of shares that may be issued in respect of options and awards granted under the Share Option Scheme and the Share Award Schemes during the year ended 31 December 2025 divided by the weighted average number of Shares in issue for the year ended 31 December 2025 is not applicable since there was no grant of options or awards during the year.

Arrangement to Purchase Shares or Debentures

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Management Contract

No contract by which a person undertakes the management and administration of the whole or any substantial part of the Company's business was entered into or subsisted during the year.

Equity-linked Agreement

Other than the share option scheme and share award schemes adopted by the Company as mentioned in this Annual Report, no equity-linked agreement was entered into by the Company during the year or subsisted at the end of the year.

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 is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 58 to 80 of this Annual Report.

DIRECTORS' REPORT

Connected Transactions

The related party transactions set out in Note 39 to the consolidated financial statements include related party transactions disclosed under accounting standards. Certain related party transactions also constituted connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules and the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules. Such related party transactions that constituted connected transactions or continuing connected transactions are as follows:

Related party transactions which constituted connected transactions or continuing connected transactions	Compliance with the Listing Rules
1. Transactions with Shui On Company Limited and its subsidiaries	These were continuing connected transactions fully exempt from the connected transaction requirements under Chapter 14A of the Listing Rules.
2. Transactions with SOCAM Development Limited and its subsidiaries	These were continuing connected transactions fully exempt from the connected transaction requirements under Chapter 14A of the Listing Rules, save as the smart facility enhancement work expenditure disclosed below and in the Announcement (as defined below).
3. Transactions with Great Eagle Holdings Limited and its subsidiaries	These were continuing connected transactions fully exempt from the connected transaction requirements under Chapter 14A of the Listing Rules.
4. The transactions with a non-controlling shareholder of subsidiary (namely 上海九海實業有限公司 (Shanghai Jiuhai Industrial Co., Ltd.))	These were continuing connected transactions fully exempt from the connected transaction requirements under Chapter 14A of the Listing Rules.
5. The transactions under key management personnel regarding sales of properties to senior management	These were connected transactions fully exempt from the connected transaction requirements under Chapter 14A of the Listing Rules, save as the sale of property to an associate of an executive director of the Company disclosed below and in the Company's announcement dated 8 December 2025.
6. The transactions under key management personnel regarding short-term benefits and post-employment benefits, and the remuneration of the directors of the Company	These were continuing connected transactions fully exempt from the connected transaction requirements under Chapter 14A of the Listing Rules.

The following continuing connected transactions and connected transaction are subject to the reporting and annual review requirements under Chapter 14A of the Listing Rules. The details of these transactions are disclosed below.

(1) Continuing Connected Transactions in relation to the Framework Agreement for Smart Facility Enhancement Work

On 31 March 2023, SOCAM and the Company entered into the framework agreement (the "Framework Agreement") in relation to the provision of the Smart Facility Enhancement Work (as defined in the Announcement) by member of the SOCAM Group (as defined in the Announcement) to member of the Group commencing on 31 March 2023 and expiring on 31 December 2028 (both days inclusive). Details of the transactions were set out in the announcement of the Company dated 31 March 2023 (the "Announcement").

SOCL is the controlling shareholder of both SOCAM and the Company. SOCL is held under the Bosrich Unit Trust, the units of which are the property of a discretionary trust, of which Mr. Lo (being an executive director and the Chairman of both SOCAM and the Company) is the founder and both Mr. Lo and Ms. Lo (being a non-executive director of SOCAM, an executive director of the Company, and the daughter of Mr. Lo) are discretionary beneficiaries.

Based on the above, SOCAM (being an associate of both Mr. Lo and Ms. Lo) is a connected person of the Company. Accordingly, the entering into of the Framework Agreement constituted continuing connected transactions of the Company under the Listing Rules.

The annual cap of the total fees payable by the Group to the SOCAM Group in relation to the provision of the Smart Facility Enhancement Work for the year ending (i) 31 December 2023 is RMB15,000,000; (ii) 31 December 2024 is RMB15,000,000; (iii) 31 December 2025 is RMB16,000,000; (iv) 31 December 2026 is RMB12,000,000; (v) 31 December 2027 is RMB10,000,000; and (vi) 31 December 2028 is RMB4,000,000.

An amount of approximately RMB1 million was paid and/or is payable by the Group to the SOCAM Group for the provision of the Smart Facility Enhancement Work during the year under review.

(2) Connected Transaction in relation to the Sale of Property

On 8 December 2025, 上海彩興房地產開發有限公司 (Shanghai Cai Xing Properties Development Co., Ltd.*) (the "Vendor") and the purchaser, being an associate of an executive director of the Company (the "Purchaser") entered into a sale and purchase agreement (the "Agreement"), pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase a residential unit located at 181 Jinan Road, Huangpu District, Shanghai* (上海市黃浦區濟南路181弄) with total consideration of RMB30,503,566, which has been paid by the Purchaser upon the signing of the Agreement. Details of the transaction were set out in the announcement of the Company dated 8 December 2025.

The Vendor is a non-wholly owned subsidiary of the Company. The Purchaser is a family member of an executive Director and the chief executive officer of the Company under Rule 14A.12(2)(a) of the Listing Rules. Therefore, the Purchaser is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules by virtue of being an associate of an executive Director and the chief executive officer of the Company, a connected person of the Company. Accordingly, the transaction constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.55 of the Listing Rules, the INEDs of the Company have reviewed the continuing connected transactions in item (1) above and confirmed that the continuing connected transactions in item (1) above have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) according to the terms of the Framework Agreement that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in the Annual Report in accordance with Rule 14A.56 of the Listing Rules.

Directors' Service Contracts

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

* For identification purposes only

DIRECTORS' REPORT

Directors' Interests in Transactions, Arrangements, and Contracts of Significance

No transaction, arrangement, and contract to which the Company, or any of the subsidiaries of the Company was a party, and in which a Director of the Company had, at any time during the year, whether directly or indirectly, an interest, (being, in either case, in the opinion of the Directors, a transaction, arrangement, and contract of significance in relation to the Company's business and in which the Director's interest is or was material), subsisted at the end of the year or at any time during the year.

Significant Contract with Controlling Shareholders

No contracts of significance (i) between the Company or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries; and (ii) for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisted at the end of the year or at any time during the year.

Directors' Interests in Competing Business

The following Directors or their associates are considered to have interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules as set out below:

Name of Directors	Names of entities which are considered to compete or likely to compete with the businesses of the Group	Description of the businesses of the entities which are considered to compete with the businesses of the Group	Nature of interests of the Directors in the entity
Mr. Lo	SOCAM	Property investment in the PRC	Director and controlling shareholder
Mr. Lo	Great Eagle Holdings Limited	Property investment in the PRC	Director
Ms. Lo	SOCAM	Property investment in the PRC	Director

There is a deed of non-competition dated 30 May 2006 (the "Deed") and entered into between Mr. Lo, SOCL and the Company pursuant to which Mr. Lo and SOCL have given certain undertakings to the Company, among others, that the Company is to be the flagship company of the Shui On Group (that is, SOCL and its subsidiaries and for the purpose of this section "Directors' Interests in Competing Business", excluding SOCAM and its subsidiaries) for the Shui On Group's property development and investment business in the PRC and concerning the Shui On Group's investment in future property development projects in the PRC. Such information has been disclosed in the Company's prospectus dated 20 September 2006. In respect of the year ended 31 December 2025, the Company has received from each of Mr. Lo and SOCL a confirmation on compliance with the non-competition undertakings as contemplated under the Deed.

Save as aforesaid, as of the date of this report, none of the Directors of the Company has an interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

Disclosure under Rule 13.21 of the Listing Rules

On 3 March 2020, a written agreement (the “2025 SODH Indenture”) was entered into between the Company as guarantor, SODH as issuer, and DB Trustee (Hong Kong) Limited (“DB”) as trustee of the 2025 SODH Notes, pursuant to which the 2025 SODH Notes were issued. The 2025 SODH Indenture provides that upon the occurrence of a change of control (as defined in the 2025 SODH Indenture), the Company or SODH will make an offer to repurchase all outstanding 2025 SODH Notes, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, at the date of repurchase. Details of the transaction were set out in the announcement of the Company dated 3 March 2020.

On 20 February 2020, SODH commenced the Exchange and Tender Offer to the Eligible Holders of the 2021 Notes and 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. Details of the transaction were set out in the announcements of the Company dated 20 February 2020, 21 February 2020, 2 March 2020, and 3 March 2020. 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.

On 29 June 2021, a written agreement (the “2026 SODH Indenture”) was entered into between the Company as guarantor, SODH as issuer, and DB as trustee of the USD400 million in 5.50% senior notes due 2026 issued by SODH (the “2026 SODH Notes”), pursuant to which the 2026 SODH Notes were issued. The 2026 SODH Indenture provides that upon the occurrence of a change of control (as defined in the 2026 SODH Indenture), the Company or SODH will make an offer to repurchase all outstanding 2026 SODH Notes, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, at the date of repurchase. Details of the transaction were set out in the announcement of the Company dated 29 June 2021.

Any breach of the above obligations will cause a default in respect of the 2026 SODH Notes, which may trigger cross defaults in other outstanding debts of the Group, in the aggregate amount of approximately RMB6,705 million at 31 December 2025.

On 26 January 2026, a written agreement (the “2029 SODH Indenture”) was entered into between the Company as guarantor, SODH as issuer, and DB as trustee of the USD300 million in 9.75% senior notes due 2029 issued by SODH (the “2029 SODH Notes”), pursuant to which the 2029 SODH Notes were issued. The 2029 SODH Indenture provides that upon the occurrence of a change of control (as defined in the 2029 SODH Indenture), the Company or SODH will make an offer to repurchase all outstanding 2029 SODH Notes, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, at the date of repurchase. Details of the transaction were set out in the announcement of the Company dated 26 January 2026.

On 19 January 2026, SODH commenced the Tender Offer to the Eligible Holders of 2026 SODH Notes. On 27 January 2026, the Company determined to accept USD295,218,000 in aggregate principal amount of the 2026 SODH Notes validly submitted for the Tender Offer, representing 73.80% of the total aggregate principal amount of the outstanding 2026 SODH Notes. Following the settlement of the Tender Offer and cancellation of the 2026 SODH Notes purchased pursuant to the Tender Offer, the outstanding aggregate principal amount of the 2026 SODH Notes is USD104,782,000. Details of the transaction were set out in the announcements of the Company dated 19 January 2026, 28 January 2026 and 30 January 2026.

DIRECTORS' REPORT

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.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance, and comparable market statistics.

Provident and Retirement Fund Schemes

Hong Kong

The Group participated in both a defined benefit plan (the "Plan") which was registered under the Occupational Retirement Schemes Ordinance and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance in December 2000.

The MPF Scheme

All new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme. For members of the MPF Scheme, contributions are made by the employees at 5% of relevant income and by the Group at rates ranging from 5% to 10% of the employees' salaries, depending on the employees' length of services with the Group.

The Plan

Contributions to the Plan were made by the members at 5% of their salaries and by the Group which were based on recommendations made by the actuary of the Plan.

The Plan has been wound up with an effective date of 31 August 2025. Accrued benefit of the existing members has been transferred to the MPF Scheme or paid in cash.

The actuarial valuations of the plan assets and the present value of the defined benefit obligation were carried out as at 31 December 2025 by Ms. Elaine Hwang and Mr. Jack Siu of Towers Watson Hong Kong Limited who are Fellows of the Society of Actuaries.

As the Plan was wound up on 31 August 2025, no actuarial method and assumptions were required for the actuarial valuation as of 31 December 2025. As of 31 December 2024, the present value of the defined benefit obligations and the related current service cost are measured using the Projected Unit Credit Method. The principal assumptions used for the actuarial valuations were the discount rate per annum and the expected rate of salary increase. As of 31 December 2024, the discount rate per annum and the expected rate of salary increase were 3.4% and 0.3%, respectively. The market value of plan assets was nil as of 31 December 2025 (2024: RMB16 million).

The Group's contributions to the Plan and the MPF Scheme charged to the consolidated statement of profit or loss as staff costs during the year ended 31 December 2025 amounting to RMB3 million (2024: RMB5 million). The amount of employer's voluntary contributions to the MPF Scheme forfeited for the years ended 31 December 2025 and 2024 was immaterial and was used to reduce the existing level of contributions.

Chinese Mainland

According to the relevant laws and regulations in the Chinese Mainland, certain subsidiaries established in the Chinese Mainland are required to contribute a specific percentage of the payroll of their employees to retirement benefit schemes to fund the retirement benefits of their employees. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the respective schemes.

The Group's contributions to the state-managed retirement benefit schemes charged to the consolidated statement of profit or loss as staff costs during the year ended 31 December 2025 amounted to RMB48 million (2024: RMB53 million).

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Sufficiency of Public Float

The Company confirmed that it has maintained a sufficient public float, representing at least 25% of the Company's total number of issued shares (the Company does not have any treasury share), during the year ended 31 December 2025, as required under the Listing Rules. As of 31 December 2025, the public float of the Company was 43.53%. The details of the composition of the ownership of the relevant shares of the Company are as follows:

Group of shareholders	Name/Category of shareholders	Number of shares held
SHAREHOLDERS WHO ARE NOT MEMBERS OF "THE PUBLIC"		
Substantial shareholders of the Company and their close associates	(i) SOP	1,725,493,996 shares
	(ii) SOI	2,756,414,318 shares
	(iii) NRI	29,847,937 shares
Directors, chief executives of the Company, and their close associates	(i) Ms. Wang	670,500 shares
	(ii) Mrs. Lo	1,849,521 shares
Persons who are core connected persons of the Company's subsidiaries, e.g., a director, chief executive or substantial shareholder of a subsidiary of the Company or a close associate of any of them, and are accustomed to take instructions from the Company.	(i) Directors of the Company's subsidiaries	1,176,500 shares
	(ii) Trustee holding shares under the share award scheme	17,710,250 shares
Subtotal:		4,533,163,022 shares, representing 56.47% of the total issued shares
SHAREHOLDERS WHO ARE MEMBERS OF "THE PUBLIC"		
Members of "the public"	Public holders	3,494,102,302 shares, representing 43.53% of the total issued shares
Total:		8,027,265,324 shares, representing 100% of the total issued shares

DIRECTORS' REPORT

Tax Relief

The Company is not aware of any relief on taxation available to the shareholders by reason of their holdings of the shares of the Company. If the shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the shares of the Company, they are advised to consult their professional advisers.

Charitable Donations

During the year, the Group made charitable donations amounting to approximately RMB2 million (2024: RMB2 million).

Major Customers and Suppliers

For the year ended 31 December 2025, less than 30% of the Group's sales were attributable to the five largest customers combined.

For the year ended 31 December 2025, the aggregate purchases attributable to the Group's five largest suppliers were less than 30% of our total purchases.

Auditor

A resolution will be submitted to the AGM to re-appoint Messrs. Ernst & Young as auditor of the Company.

On behalf of the Board

Vincent H. S. LO
Chairman
26 March 2026

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025



Ernst & Young
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Quarry Bay, Hong Kong

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TO THE SHAREHOLDERS OF SHUI ON LAND LIMITED

(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Shui On Land Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 113 to 186, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for opinion

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

Key audit matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to the matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



TO THE SHAREHOLDERS OF SHUI ON LAND LIMITED – continued

(Incorporated in the Cayman Islands with limited liability)

Key audit matter – continued

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment properties stated at fair value</p> <p>We identified the valuation of completed investment properties stated at fair value and investment properties under construction or development at fair value as a key audit matter due to the significance of the balances to the consolidated financial statements and the involvement of management's judgement in determining the fair value.</p> <p>As disclosed in note 13 to the consolidated financial statements, the investment properties are located in the People's Republic of China (the "PRC"). The fair values of completed investment properties and investment properties under construction or development at fair value amounting to RMB38,322 million and RMB1,760 million, respectively, were significant as of 31 December 2025, which in aggregate represented 49% of the Group's total assets. A decrease in fair values of RMB643 million was recognised in the consolidated statement of profit or loss for the year then ended. In estimating the fair values of these investment properties stated at fair value, the Group engaged an independent, qualified professional valuer to perform the valuation.</p> <p>The related disclosures are included in notes 4 and 13 of the consolidated financial statements.</p>	<p>Our procedures in relation to the valuation of completed investment properties stated at fair value and investment properties under construction or development at fair value included:</p> <ul style="list-style-type: none"> • Evaluating the competence, capabilities, and objectivity of the independent, qualified professional valuer; • Obtaining an understanding of the valuation processes and significant assumptions from the management of the Group and the valuer; • Involving our internal valuation specialist to assist us in evaluating the estimations used by management of the Group and the valuer, in particular, the valuation models, assumptions, parameters, and significant inputs used by the management of the Group and the valuer; and • Assessing the key inputs used in the valuation models by comparing the market rent, capitalisation rate, and gross development value, on a sampling basis, against current market data and entity-specific information.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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



TO THE SHAREHOLDERS OF SHUI ON LAND LIMITED – continued

(Incorporated in the Cayman Islands with limited liability)

Responsibilities of the directors for the consolidated financial statements

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

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

The directors of the Company are assisted by the Audit and Risk Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



TO THE SHAREHOLDERS OF SHUI ON LAND LIMITED – continued

(Incorporated in the Cayman Islands with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements – continued

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Cheung (Practising certificate number: P04900).

Ernst & Young
Certified Public Accountants
Hong Kong

26 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2025

	Notes	2025 RMB'million	2024 RMB'million
Revenue	5	4,093	8,173
Cost of sales		(1,978)	(2,945)
Gross profit		2,115	5,228
Other income	6	141	326
Selling and marketing expenses		(110)	(133)
General and administrative expenses		(825)	(932)
Decrease in fair value of investment properties	13	(643)	(207)
Gain on disposal of subsidiaries	36	–	954
Other gains and losses	6	(924)	(279)
Share of results of associates and joint ventures		(238)	217
Finance costs, inclusive of exchange differences	7	(1,553)	(2,027)
(Loss)/profit before tax	8	(2,037)	3,147
Tax	9	304	(2,337)
(Loss)/profit for the year		(1,733)	810
Attributable to:			
Shareholders of the Company		(1,782)	180
Non-controlling shareholders of subsidiaries		49	630
		(1,733)	810
(Loss)/earnings per share attributable to shareholders of the Company	12		
– Basic		RMB(22.2) cents	RMB2.2 cents
– Diluted		RMB(22.2) cents	RMB2.2 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2025

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2025

	Notes	2025 RMB'million	2024 RMB'million
Non-current assets			
Investment properties	13	40,160	40,964
Interests in associates	17	11,888	8,641
Interests in joint ventures	18	12,282	14,806
Property and equipment	14	780	829
Right-of-use assets	15	26	14
Receivables, deposits, and prepayments	19	220	262
Pledged bank deposits	21	841	416
Loans to a non-controlling shareholder of a subsidiary	24	18	–
Deferred tax assets	32	301	259
Other non-current assets		60	59
		66,576	66,250
Current assets			
Properties under development for sale	16	3,227	2,694
Properties held for sale	22	470	817
Receivables, deposits, and prepayments	19	607	714
Amounts due from associates	17	150	178
Loans to/amounts due from joint ventures	18	3,949	11,006
Loan to a non-controlling shareholder of a subsidiary	24	3	4
Amounts due from related companies	23	390	407
Contract assets	20	45	93
Pledged bank deposits	21	975	2,364
Bank balances and cash	21	4,635	4,954
Assets classified as held for sale	35	1,550	2,457
		16,001	25,688
Current liabilities			
Accounts payable, deposits received, and accrued charges	25	3,786	3,723
Contract liabilities	26	522	1
Bank and other borrowings	27	4,040	4,655
Senior notes	30	2,809	3,569
Receipts under securitisation arrangements	31	45	40
Tax liabilities		2,836	4,171
Loans from/amounts due to non-controlling shareholders of subsidiaries	24	9	943
Amounts due to associates	17	61	216
Loans from/amounts due to joint ventures	18	15	48
Amounts due to related companies	23	331	339
Lease liabilities		3	8
Derivative financial instruments		37	–
		14,494	17,713
Net current assets		1,507	7,975
Total assets less current liabilities		68,083	74,225

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2025

	Notes	2025 RMB'million	2024 RMB'million
Non-current liabilities			
Bank and other borrowings	27	15,160	14,622
Senior notes	30	–	2,868
Receipts under securitisation arrangements	31	4,240	4,173
Deferred tax liabilities	32	2,681	3,398
Accounts payable, deposits received, and accrued charges	25	507	537
Loans from an associate	17	5,735	5,825
Loans from joint ventures	18	1,484	36
Lease liabilities		46	92
Defined benefit liabilities	33	–	2
Derivative financial instruments		–	3
		29,853	31,556
Capital and reserves			
Share capital	28	146	146
Reserves	29	36,331	38,339
Equity attributable to shareholders of the Company		36,477	38,485
Non-controlling interests		1,753	4,184
Total equity		38,230	42,669
Total equity and non-current liabilities		68,083	74,225

The consolidated financial statements on pages 113 to 186 were approved and authorised for issue by the Board of Directors on 26 March 2026 and are signed on its behalf by:

VINCENT H. S. LO
DIRECTOR

DOUGLAS H. H. SUNG
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2025

	Attributable to shareholders of the Company				Non-controlling interests RMB'million	Total RMB'million
	Share capital RMB'million	Reserves RMB'million (note 29)	Retained earnings RMB'million	Sub-total RMB'million		
On 1 January 2025	146	16,374	21,965	38,485	4,184	42,669
(Loss)/profit for the year	–	–	(1,782)	(1,782)	49	(1,733)
Exchange differences arising on translation of foreign operations	–	64	–	64	–	64
The effective portion of changes in the fair value of currency forward contract designated as cash flow hedges	–	(34)	–	(34)	–	(34)
Reclassification from hedge reserve to profit or loss arising from currency forward contract	–	17	–	17	–	17
Share of other comprehensive expense of an associate and a joint venture	–	(5)	–	(5)	–	(5)
Total comprehensive income/(expense) for the year	–	42	(1,782)	(1,740)	49	(1,691)
Capital injection by non-controlling shareholders of subsidiaries	–	–	–	–	51	51
Dividend declared to non-controlling shareholders of subsidiaries	–	–	–	–	(15)	(15)
Partially disposal of equity interest in a subsidiary	–	–	–	–	106	106
Distribution to non-controlling shareholders of subsidiaries	–	–	–	–	(2,622)	(2,622)
2024 final dividend	–	–	(268)	(268)	–	(268)
On 31 December 2025	146	16,416*	19,915*	36,477	1,753	38,230

	Attributable to shareholders of the Company				Non-controlling interests RMB'million	Total RMB'million
	Share capital RMB'million	Reserves RMB'million (note 29)	Retained earnings RMB'million	Sub-total RMB'million		
On 1 January 2024	146	16,513	22,204	38,863	5,286	44,149
Profit for the year	–	–	180	180	630	810
Exchange differences arising on translation of foreign operations	–	(178)	–	(178)	–	(178)
The effective portion of changes in the fair value of currency forward contracts designated as cash flow hedges	–	28	–	28	–	28
Reclassification from hedge reserve to profit or loss arising from currency forward contracts	–	(11)	–	(11)	–	(11)
Remeasurement of defined benefit obligations	–	–	4	4	–	4
Surplus on revaluation of properties transferred from property and equipment to completed investment properties, net of tax	–	3	–	3	1	4
Share of other comprehensive income of an associate and a joint venture	–	19	–	19	–	19
Total comprehensive income/(expense) for the year	–	(139)	184	45	631	676
Capital injection by non-controlling shareholders of subsidiaries	–	–	–	–	2	2
Capital reduction by non-controlling shareholders of subsidiaries	–	–	–	–	(28)	(28)
Dividend declared to non-controlling shareholders of subsidiaries	–	–	–	–	(30)	(30)
Repayment of equity loans to a non-controlling shareholder of subsidiaries	–	–	–	–	(155)	(155)
Disposal of subsidiaries	–	–	–	–	(590)	(590)
Reclassification of equity loans from a non-controlling shareholder of subsidiaries	–	–	–	–	(932)	(932)
2023 final dividend	–	–	(423)	(423)	–	(423)
On 31 December 2024	146	16,374*	21,965*	38,485	4,184	42,669

* These reserve accounts comprise the consolidated reserves of RMB36,331 million (2024: RMB38,339 million) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2025

	Notes	2025 RMB'million	2024 RMB'million
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(2,037)	3,147
Adjustments for:			
Depreciation of property and equipment		78	87
Depreciation of right-of-use assets		2	3
Share of results of associates and joint ventures		238	(217)
Finance costs, inclusive of exchange differences	7	1,553	2,027
Interest income		(52)	(267)
Decrease in fair value of investment properties		643	207
Gain on disposal of subsidiaries		–	(954)
(Reversal of impairment provision)/impairment provision for properties held for sale		(14)	24
Provision for impairment losses under the expected credit loss model		31	287
Impairment provision for assets classified as held for sale		907	–
Gain from fair value change of derivative financial instruments	6	–	(50)
		1,349	4,294
Decrease in receivables, deposits and prepayments		143	2,254
Decrease in contract assets		48	126
Increase in properties under development for sale and held for sale		(108)	(494)
Decrease in amounts due from joint ventures		162	63
Decrease in amounts due to joint ventures		(3)	(70)
Decrease in amounts due from associates		28	179
Decrease in prepaid taxes		–	79
Increase/(decrease) in contract liabilities		521	(4,004)
Increase/(decrease) in accounts payable, deposits received and accrued charges		39	(446)
Other cash flows used in operating activities		(7)	(83)
Cash generated from operations		2,172	1,898
Tax paid		(1,790)	(1,294)
Net cash generated from operating activities		382	604

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2025

	Notes	2025 RMB'million	2024 RMB'million
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		58	110
Additions to investment properties		(52)	(25)
Advances to joint ventures		(340)	(59)
Repayments from joint ventures		1,274	796
Loan to a non-controlling shareholder of a subsidiary		(18)	–
Repayments from a non-controlling shareholder of a subsidiary		4	12
Investments in joint ventures		(1,346)	(797)
Proceeds from disposal of investment properties		69	–
Proceeds from disposal of subsidiaries		5,811	2,169
Dividend received from a joint venture		142	388
Others		(36)	(26)
Net cash generated from investing activities		5,566	2,568
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilities	42 (b)	(4)	(14)
Repayment of receipts under securitisation arrangements		(40)	(40)
Direct transaction costs related to issue of receipts under securitisation arrangements		(8)	(5)
Drawdown of bank and other borrowings		3,997	9,262
Repayments of bank and other borrowings		(3,999)	(7,310)
Decrease in pledged bank deposits		964	392
Settlement for derivative financial instruments designated as cash flow hedge		–	50
Repayment of senior notes	30	(3,512)	(3,520)
Interest paid		(1,427)	(2,119)
Payment of dividends	11	(268)	(423)
Partially disposal of a subsidiary without losing of control		106	–
Dividend payment to non-controlling shareholders of subsidiaries		(15)	(30)
Capital injected by non-controlling shareholders of subsidiaries		51	2
Capital reduction to non-controlling shareholders of subsidiaries		–	(28)
Distribution to a non-controlling shareholder of subsidiaries after restructuring the shareholding of subsidiaries		(2,513)	–
Repayment to non-controlling shareholders of subsidiaries		(932)	(155)
Loans from joint ventures		1,448	86
Repayment to a joint venture		(30)	(60)
Net cash used in financing activities		(6,182)	(3,912)
Net decrease in cash and cash equivalents		(234)	(740)
Cash and cash equivalents at the beginning of the year		4,954	5,810
Effect of foreign exchange rate changes, net		(85)	(116)
Cash and cash equivalents at the end of the year		4,635	4,954
Analysis of the balances of cash and cash equivalents			
Bank balances and cash	21	4,635	4,954

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1. Corporate and group information

Shui On Land Limited (the “Company”) was incorporated on 12 February 2004 as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 4 October 2006. The Company’s ultimate holding company is Shui On Company Limited (“SOCL”), a private limited liability company incorporated in the British Virgin Islands (“BVI”).

The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The Company acts as an investment holding company. The principal activities of the Company’s major subsidiaries are set out in note 45. The Company and its subsidiaries are hereinafter collectively referred to as the Group.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board (“IASB”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the disclosure requirements of the Hong Kong Companies Ordinance.

The Group’s financial statements have been prepared on a historical cost basis, except for certain investment properties and derivative financial instruments measured at fair value, assets classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. The consolidated financial statements are presented in Renminbi (“RMB”), and all values are rounded to the nearest million except where otherwise indicated.

Basis of consolidation

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

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

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

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest, and exchange reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as required if the Group had directly disposed of the related assets or liabilities.

2.2 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 IFRS 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

2.3 Standards issued but not yet effective

The Group has not applied the following new and amended IFRS accounting standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS accounting standards, if applicable, when they become effective.

IFRS 18

*Presentation and Disclosure in Financial Statements*²

IFRS 19 and its amendments

*Subsidiaries without Public Accountability: Disclosures*²

Amendments to IFRS 9 and IFRS 7

*Amendments to the Classification and Measurement of Financial Instruments*¹

Amendments to IFRS 10 and IAS 28

*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*³

Amendments to IAS 21

*Translation to a Hyperinflationary Presentation Currency*²

Annual Improvements to IFRS

Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7¹

Accounting Standards – Volume 11

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

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

3 No mandatory effective date yet determined but available for adoption

Further information about those IFRS accounting standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS accounting standards. IFRS 18 and the consequential amendments to other IFRS accounting standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS accounting standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.

2.3 Standards issued but not yet effective – continued

Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 Translation to a Hyperinflationary Presentation Currency require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 Financial Reporting in Hyperinflationary Economies, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *IFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 Standards issued but not yet effective – continued

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:– continued

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

3. Material accounting policies

Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value, which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree, and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation per the contractual terms, economic circumstances, and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in the host contracts of the acquiree.

3. Material accounting policies – continued

Business combinations – continued

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value, and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration classified as equity is not remeasured, and subsequent settlement is accounted for within equity.

Related parties

A party is related to the Group if:

(a) the party is a person or a close member of that person's family, and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary, or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity, and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. After initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

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

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

3. Material accounting policies – continued

Investment properties – continued

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of use change. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property and equipment” for owned property and/or accounts for such property in accordance with the policy stated under “Right-of-use assets” for property held as a right-of-use asset up to the date of use change, any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under “Property and equipment” below. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its carrying amount is recognised in the statement of profit or loss.

Non-current assets held for sale

The Group classifies non-current assets (principally investment property) and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale (except for investment property measured at fair value) are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expenses.

The criteria for held-for-sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification. Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity’s control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group).

Property, plant and equipment, and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Investment property held for sale continues to be measured at fair value.

Properties under development for sale

Properties under development for sale that are intended to be sold upon completion of development are classified as current assets. Properties under development for sale are carried at the lower of cost or net realisable value. Cost is determined on a specific identification basis, including allocation of the related development expenditure incurred and, where appropriate, borrowing costs capitalised. The net realisable value represents the estimated selling price for the properties less the estimated cost to completion and costs necessary to make the sales.

Properties under development for sale are transferred to properties held for sale upon completion of development activities, which is when the relevant completion certificates are issued by the respective government authorities.

Properties held for sale

Properties held for sale are classified as current assets. Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis, including allocation of the related development expenditure incurred, and where appropriate, borrowing costs capitalised. The net realisable value represents the estimated selling price for the properties less the estimated cost to completion and costs necessary to make the sales.

3. Material accounting policies – continued

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, contract assets, deferred tax assets, investment properties, and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal. It is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

3. Material accounting policies – continued

Financial assets

Initial recognition and measurement

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

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

For a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income ("FVTOCI"), it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is called the SPPI test and is performed at an instrument level. Financial assets with cash flows not SPPI are classified and measured at fair value through profit or loss ("FVTPL"), irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model of holding financial assets to collect contractual cash flows, while financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets that are not held within the aforementioned business models are classified and measured at FVTPL.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Derecognition

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

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

3. Material accounting policies – continued

Financial assets – continued

Derecognition – continued

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. It considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

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

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach, and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets, which apply the simplified approach as detailed below.

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

Simplified approach

For rental and other trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For a rental receivable, the cash flows used for determining the ECL are consistent with the cash flows used in measuring the rental receivable in accordance with IFRS 16.

3. Material accounting policies – continued

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans, and borrowings, payables, or derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include derivative financial instruments, accounts and other payables, amounts due to joint ventures, loans from/amounts due to associates, amounts due to related companies, amounts due to non-controlling shareholders of subsidiaries, bank and other borrowings, senior notes, lease liabilities, receipts under securitisation arrangements and liability arising from a rental guarantee arrangement.

Subsequent measurement

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

Financial liabilities at amortised cost

After initial recognition, accounts payable, deposits received, and accrued charges, amounts due to associates, loans from an associate, amounts due to joint ventures, loans from a joint venture, amounts due to related companies, amounts due to non-controlling shareholders of subsidiaries, receipts under securitisation arrangements, senior notes, bank and other borrowings and lease liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised, as well as through the effective interest rate amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Leases

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

Group as a lessee

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

3. Material accounting policies – continued

Leases – continued

Group as a lessee – continued

(a) Right-of-use assets

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

Leasehold land	20 to 50 years
Leased properties	3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as properties under development for sales or properties held for sale, they are subsequently measured at the lower of cost and net realisable value per the Group's policy for "properties under development for sales" or "properties held for sale". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost and subsequently measured at fair value per the Group's policy for "investment properties".

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably sure to be exercised by the Group and payments of penalties for a lease termination if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities are remeasured if there is a modification, a change in the lease term, a change in lease payments (for example, a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

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

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of premises (that is, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

3. Material accounting policies – continued

Leases – continued

Group as a lessor

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

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

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, i.e., assets that necessarily take a substantial period to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Income tax

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. Material accounting policies – continued

Income tax – continued

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates, and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense, or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of the initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currency of certain overseas subsidiaries is USD or HKD. At the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period, and their statements of profit or loss are translated into RMB at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of the transactions are used.

The resulting exchange differences are recognised in other comprehensive income and accumulated in equity under the heading of "Exchange reserve", except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the rate of the closing date.

3. Material accounting policies – continued

Revenue recognition

Revenue from contracts with customers

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

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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

Sale of properties

Revenue arising from the sale of properties is recognized when the control over the ownership of the property is transferred to the customer, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property.

Revenue from lease

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

Rendering of services

Revenue from the provision of property management and real estate asset management service is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Construction services

Revenue from the provision of construction services is recognised over time, using an input or output method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Claims to customers are amounts that the Group seeks to collect from the customers as reimbursement of costs and margins for the scope of work not included in the original construction contract. Claims are accounted for as variable consideration and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group uses the expected value method to estimate the amounts of claims because this method best predicts the amount of variable consideration to which the Group will be entitled.

Other income

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

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

3. Material accounting policies – continued

Revenue recognition – continued

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

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

Contract costs

Other than the costs which are capitalised as property under development for sale, property held for sale, property and equipment, and intangible assets, costs incurred to fulfil a contract with a customer is capitalised as an asset if all of the following criteria are met:

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

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

Bank balances and cash

Bank balances and cash in the statement of financial position comprise cash on hand and at banks and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for meeting short-term cash commitments.

For the consolidated statement of cash flows, bank balances and cash comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

4. Material accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, their accompanying disclosures, and the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

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

4. Material accounting judgements and estimates – continued

Estimation uncertainty – continued

Fair value measurements and valuation processes

The Group's certain assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the management of the Group uses market-observable data to the extent it is available. Where Level 1 inputs are unavailable, the Group engages third-party qualified valuers to perform the valuation. At the end of the reporting period, the management of the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The management of the Group will first consider and adopt Level 2 inputs, where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of an asset or a liability, the causes of the fluctuations will be reported to the directors of the Company for appropriate actions to be taken.

Information about the valuation techniques, inputs and key assumptions used in determining the fair value of various assets and liabilities is disclosed in notes 13 and 41 (c).

Land appreciation tax

The Group is subject to land appreciation tax in the Chinese Mainland. However, the implementation and settlement of the tax vary amongst different tax jurisdictions in various cities of the Chinese Mainland and the Group has not finalised its land appreciation tax calculation and payments with local tax authorities for the properties already sold in the Chinese Mainland. Accordingly, significant judgement is required in determining the amount of the land appreciation tax and its related income tax provisions. The Group recognised the land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax provisions in the periods in which such tax is finalised with local tax authorities.

Estimated impairment of properties under development for sale and properties held for sale

Properties under development for sale and properties held for sale are stated at lower of cost or net realisable value. The net realisable value is the estimated selling price of the completed units (based on the current prevailing market conditions), less estimated selling expenses and estimated cost of completion (if any), which are determined based on the best available information. Where there is any decrease in the estimated selling price arising from any changes to the property market conditions in the Chinese Mainland, a further loss will be recognised on the properties under development for sale and properties held for sale in the consolidated statement of profit or loss.

5. Revenue and segment information

A. Disaggregation of revenue from contracts with customers

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

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
	1	4,005

5. Revenue and segment 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 RMB'million	2024 RMB'million
Property development:		
Property sales	499	4,356
Property management:		
Property management fee income	552	608
Construction	492	395
Others	601	358
Revenue from contracts with customers	2,144	5,717
Property investment		
(property investment segment)		
Rental income from investment properties (Note)	1,718	2,167
Rental-related income	231	289
	4,093	8,173

Note:

	2025 RMB'million	2024 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
	1,718	2,167

Property sales

Revenue from sales of residential properties is recognised at a point in time when the completed property is transferred to the customer, being at the point that the customer obtains control of the completed property and the Group has the present right to payment and collection of the consideration is probable.

The Group receives payments from customers based on billing schedules as established in the property sales contracts. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period.

Construction services

The Group provides building construction services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls. Revenue is recognised for these construction services based on the stage of completion of the contract using the input or output method.

The Group's construction contracts include payment schedules, which require stage payments over the construction period once certain specified milestones are reached.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed, representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically achieves specified milestones and thus has the right to bill the customers when the progress certificate, settlement letter, or payment notice is obtained.

5. Revenue and segment information – continued

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

Property management services

Revenue from property management services is recognised over time when such services are rendered. The property management service fees are billed to the clients periodically.

Rental and rental-related income

The Group's accounting policy for revenue recognition from operating leases is described in the accounting policy for leases.

C. Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as of 31 December 2025 and 2024, and the expected timing of recognising revenue is as follows:

Sales of properties	2025 RMB'million	2024 RMB'million
Within one year	1	1

D. 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.

5. Revenue and segment information – continued

For the year ended 31 December 2025

	Reportable segments						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)
OTHER INFORMATION							
Amounts included in the measure of segment profit or loss or segment assets:							
Capital additions of completed investment properties and property and equipment	19	54	2	–	75	14	89
Depreciation of property and equipment	17	17	3	–	37	41	78
Depreciation of right-of-use assets	–	–	–	–	–	2	2
Decrease in fair value of investment properties	–	(643)	–	–	(643)	–	(643)
FINANCIAL POSITION							
ASSETS							
Segment assets	4,217	42,065	53	160	46,495	519	47,014
Interests in associates							11,888
Interests in joint ventures							12,282
Loans to/amounts due from joint ventures							3,949
Amounts due from associates							150
Amounts due from related companies							390
Unallocated corporate assets							6,904
Consolidated total assets							82,577
LIABILITIES							
Segment liabilities	4,928	17,851	190	475	23,444	7,482	30,926
Unallocated corporate liabilities							13,421
Consolidated total liabilities							44,347

5. Revenue and segment information – continued

For the year ended 31 December 2024

	Reportable segments						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
OTHER INFORMATION							
Amounts included in the measure of segment profit or loss or segment assets:							
Capital additions of completed investment properties and property and equipment	6	23	1	–	30	9	39
Depreciation of property and equipment	17	18	2	–	37	50	87
Depreciation of right-of-use assets	–	–	–	–	–	3	3
Decrease in fair value of investment properties	–	(207)	–	–	(207)	–	(207)
FINANCIAL POSITION							
ASSETS							
Segment assets	4,094	43,912	46	223	48,275	711	48,986
Interests in associates							8,641
Interests in joint ventures							14,806
Loans to/amounts due from joint ventures							11,006
Loans to/amounts due from associates							178
Amounts due from related companies							407
Unallocated corporate assets							7,914
Consolidated total assets							91,938
LIABILITIES							
Segment liabilities	3,608	17,339	172	443	21,562	12,267	33,829
Unallocated corporate liabilities							15,440
Consolidated total liabilities							49,269

5. Revenue and segment information – continued

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.

For monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than interests in associates, interests in joint ventures, loans to/amounts due from associates, loans to/amounts due from joint ventures, amounts due from related companies, deferred tax assets, derivative financial instruments, pledged bank deposits, bank balances and cash, prepaid taxes, and other unallocated corporate assets; and
- all liabilities are allocated to reportable segments other than amounts due to associates, lease liabilities, amount due to a joint venture, loans from/amounts due to related companies, loans from/amounts due to non-controlling shareholders of subsidiaries, tax liabilities, deferred tax liabilities, derivative financial instruments, defined benefit liabilities, bank and other borrowings, senior notes, receipts under securitisation arrangements and other unallocated corporate liabilities.

Over 90% of the Group's revenue and contribution to operating profit are attributable to customers in the Chinese Mainland for both years. Accordingly, no analysis of the geographical segment is presented.

No geographical segment information of the Group's non-current assets is shown, as the assets are substantially located in the Chinese Mainland.

During the years ended 31 December 2025 and 2024, there were no revenues from transactions with a single external customer that accounted for 10% or more of the revenue of the Group.

6. Other income, other gains and losses

	2025 RMB'million	2024 RMB'million
Other income		
Interest income from banks	52	110
Interest income from loans to joint ventures (note 39)	33	157
Grants received from local governments	27	35
Others	29	24
	141	326
Other gains and losses		
Impairment provision for assets classified as held for sale (note 35)	(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)
	(924)	(279)

7. 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 (note 30)	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
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)
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
	1,553	2,027

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.

8. (Loss)/profit before tax

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

	2025 RMB'million	2024 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
	38	42
Other staff costs		
Salaries, bonuses, and other benefits	831	927
Retirement benefits cost	48	53
	879	980
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)
	884	977
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

9. Tax

	2025 RMB'million	2024 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 (note 32)		
– Credit for the year	(547)	(222)
	(304)	2,337

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 was provided for at the applicable income tax rate of 25% on the estimated assessable profits of the Group's subsidiaries established in the Chinese Mainland 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.

9. Tax – continued

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.

The tax (credit)/charge for the year is reconciled to the (loss)/profit before tax to the consolidated statement of profit or loss as follows:

	2025 RMB'million	2024 RMB'million
(Loss)/profit before tax	(2,037)	3,147
Chinese Mainland EIT at the statutory tax rate of 25% (2024: 25%)	(509)	787
Provision for LAT	52	1,225
Tax effect of LAT	(13)	(306)
Additional withholding tax arising on reorganisation and disposals of subsidiaries	–	202
Net effect of withholding tax at 5% on the distributable profit of the Group's subsidiaries established in the Chinese Mainland	–	50
Tax effect of share of results of associates and joint ventures	59	(54)
Expenses not deductible for tax	195	427
Tax losses not recognised	107	165
Deductible temporary differences not recognised	272	–
Others	16	(28)
Effect of different applicable tax rates	(483)	(131)
Tax (credit)/charge for the year	(304)	2,337

10. Directors' emoluments and five highest-paid employees

Directors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

Year ended 31 December 2025

Name of Directors	Notes	Fees RMB'000	Salaries RMB'000	Other benefits RMB'000	Performance related incentive	Retirement benefit costs RMB'000	Total RMB'000
					payments – cash bonus RMB'000		
Mr. Vincent H. S. LO	(a)	–	–	–	–	–	–
Ms. Stephanie B. Y. LO	(b)	–	5,560	9	2,396	359	8,324
Ms. Jessica Y. WANG	(c)	–	6,787	42	2,940	146	9,915
Mr. Douglas H. H. SUNG	(d)	–	7,861	5,386	2,802	–	16,049
Professor Gary C. BIDDLE	(g)	338	–	–	–	–	338
Mr. Anthony J. L. NIGHTINGALE	(e)	613	–	–	–	–	613
Mr. Shane TEDJARATI	(e)	664	–	–	–	–	664
Ms. Ya Ting WU	(e)	544	–	–	–	–	544
Mr. Albert K. P. NG	(e)	699	–	–	–	–	699
Mr. Gregory K. L. SO	(h)	549	–	–	–	–	549
Ms. Randy W. S. LAI	(e)	522	–	–	–	–	522
Mr. Clement K. M. KWOK	(e) (i)	307	–	–	–	–	307
		4,236	20,208	5,437	8,138	505	38,524

Year ended 31 December 2024

Name of Directors	Notes	Fees RMB'000	Salaries RMB'000	Other benefits RMB'000	Performance related incentive	Retirement benefit costs RMB'000	Total RMB'000
					payments – cash bonus RMB'000		
Mr. Vincent H. S. LO	(a)	–	–	–	–	–	–
Ms. Stephanie B. Y. LO	(b)	–	5,542	7	3,820	239	9,608
Ms. Jessica Y. WANG	(c)	–	6,781	39	4,704	145	11,669
Mr. Douglas H. H. SUNG	(d)	–	6,532	5,379	4,483	–	16,394
Professor Gary C. BIDDLE	(g)	894	–	–	–	–	894
Dr. Roger L. McCARTHY	(f)	250	–	–	–	–	250
Mr. Anthony J. L. NIGHTINGALE	(e)	611	–	–	–	–	611
Mr. Shane TEDJARATI	(e)	661	–	–	–	–	661
Ms. Ya Ting WU	(e)	525	–	–	–	–	525
Mr. Albert K. P. NG	(e)	611	–	–	–	–	611
Mr. Gregory K. L. SO	(h)	502	–	–	–	–	502
Ms. Randy W. S. LAI	(e)	474	–	–	–	–	474
		4,528	18,855	5,425	13,007	384	42,199

10. Directors' emoluments and five highest-paid employees – continued

Notes:

- (a) An executive director and the chairman of the Company.
- (b) An executive director and the vice chairman of the Company.
- (c) An executive director and the chief executive officer of the Company.
- (d) An executive director, the chief financial officer and the chief investment officer of the Company.
- (e) Independent non-executive directors of the Company.
- (f) Dr. Roger L. McCARTHY retired from office and ceased to be an independent non-executive director, effective from 28 May 2024.
- (g) Professor Gary C. BIDDLE retired from office and ceased to be an independent non-executive director, effective from 16 May 2025.
- (h) Mr. Gregory K. L. So passed away on 13 December 2025.
- (i) Mr. Clement K. M. KWOK was appointed as an independent non-executive director with effect from 1 July 2025.

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

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

The five highest-paid employees of the Group during the year included three directors (2024: three directors), details of whose remuneration are set out above. Details of the remuneration for the year of the remaining two (2024: two) highest-paid employees who are not a director of the Company are as follows:

	2025 RMB'million	2024 RMB'million
Salaries	10	11
Other benefits (Note)	1	3
Performance related incentive payments	3	5
	14	19

Note: The Group's contributions to retirement schemes amounting to RMB0.1 million are included in other benefits (2024: RMB0.1 million).

The emoluments of the remaining highest paid employees were within the following bands:

	2025 Number of employees	2024 Number of employees
Emolument bands		
HKD6,000,001 – HKD6,500,000	1	–
HKD8,000,001 – HKD8,500,000	1	–
HKD9,000,001 – HKD9,500,000	–	1
HKD11,000,001 – HKD11,500,000	–	1
	2	2

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

Certain executive directors of the Company are entitled to cash bonus payments which are determined based on the Group's and directors' performance.

11. 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
	268	423

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 in 2025 (2024: HKD0.036 per share).

12. (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:

	2025 RMB'million	2024 RMB'million
(Loss)/earnings		
(Loss)/earnings for basic/diluted (loss)/earnings per share, being (loss)/profit for the year attributable to shareholders of the Company	(1,782)	180

	2025 'million	2024 'million
Number of shares		
The weighted average number of ordinary shares for basic/diluted loss/earnings per share (note (a))	8,009	8,009
Basic (loss)/earnings per share (note (b))	RMB (22.2) cents HKD (24.3) cents	RMB2.2 cents HKD2.4 cents
Diluted (loss)/earnings per share (note (b))	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 as set out in note 34.

(b) The loss/earnings per share expressed in Hong Kong dollars disclosed above are for reference only and were 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.

13. Investment properties

	Completed investment properties RMB'million	Investment properties under construction or development at fair value RMB'million	Investment properties under construction or development at cost RMB'million	Investment property sublease of right-of-use assets RMB'million	Total RMB'million
On 1 January 2024	47,581	1,871	78	74	49,604
Increase	25	–	–	52	77
Decrease in fair value of the investment properties recognised in profit or loss	(173)	(21)	–	(13)	(207)
Transfer from property and equipment	47	–	–	–	47
Disposal of subsidiaries	(8,557)	–	–	–	(8,557)
On 31 December 2024	38,923	1,850	78	113	40,964
On 31 December 2024					
– Stated at fair value	38,923	1,850	–	113	40,886
– Stated at cost	–	–	78	–	78
On 1 January 2025	38,923	1,850	78	113	40,964
Increase	52	–	–	–	52
Transfer to right-of-use assets	–	–	–	(14)	(14)
Decrease in fair value of the investment properties recognised in profit or loss	(553)	(90)	–	–	(643)
Transfer from property and equipment	8	–	–	–	8
Disposals	(108)	–	–	(99)	(207)
On 31 December 2025	38,322	1,760	78	–	40,160
On 31 December 2025					
– Stated at fair value	38,322	1,760	–	–	40,082
– Stated at cost	–	–	78	–	78

13. Investment properties – continued

The Group is in the process of obtaining land use rights certificates in respect of investment properties under construction or development with the aggregate amount of RMB78 million (2024: RMB78 million). The directors of the Company believe that the relevant land use rights certificates will be granted in due course and no impairment is required for the absence of land use rights certificates of the relevant properties.

The fair values of the Group's completed investment properties and investment properties under construction or development at fair value as at 31 December 2025 and 31 December 2024, and the fair values of properties at the dates of transfer to/from investment properties have been arrived at on the basis of valuations carried out on those dates by Knight Frank Petty Limited, independent qualified professional valuers not connected to the Group.

For completed investment properties and investment properties sublease of right-of-use assets, the valuations have been arrived at by using the income approach term and reversion method by capitalizing the net income shown on tenancy schedules, and the market rentals of all lettable units of the properties, which are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted refers to the yield rates observed by the valuers for similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties.

For investment properties under construction or development that are measured at fair value, the valuations have been arrived at assuming that the investment properties will be completed according to the development plans and that the relevant approvals for the plans have been obtained. The key inputs in the valuations include the market value of the completed investment properties, which are estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for differences in locations and other factors specific to the respective properties based on the valuers' judgement. Costs of development are also taken into account, including construction costs, finance costs and professional fees, as well as the developer's profit margin which reflects the remaining risks associated with the development of the properties at the valuation date and the return that the developer would require for bringing the properties to completion status, which is determined by the valuers based on an analysis of recent land transactions and market value of similar completed properties in the respective locations.

In estimating the fair value of the properties, the management of the Group has considered the highest and best use of the properties.

13. Investment properties – continued

The major inputs used in the fair value measurement of the Group's major investment properties as of 31 December 2025 and 31 December 2024 are set out below:

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Completed investment properties					
Completed investment properties located in Shanghai with an aggregate carrying amount of RMB23,945 million (2024: RMB23,945 million)	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of a range from 4.25% to 7.0% (2024: from 4.25% to 7.0%).	The higher the capitalisation rate, the lower the fair value.	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, at an average of a range from RMB3.8 to RMB20.8 (2024: RMB3.8 to RMB20.3) per square metre ("sqm") per day on gross floor area basis.	The higher the daily market rent, the higher the fair value.	A significant increase in the daily market rent would result in a significant increase in fair value and vice versa.
Completed investment properties located in Wuhan with an aggregate carrying amount of RMB8,633 million (2024: RMB9,052 million)	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of a range from 6.0% to 6.75% (2024: from 5.5% to 7.0%).	The higher the capitalisation rate, the lower the fair value.	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, at an average of a range from RMB3.1 to RMB7.3 (2024: from RMB3.3 to RMB7.3) per sqm per day on gross floor area basis.	The higher the daily market rent, the higher the fair value.	A significant increase in the daily market rent would result in a significant increase in fair value and vice versa.
Completed investment properties located in Foshan with an aggregate carrying amount of RMB4,374 million (2024: RMB4,402 million)	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of a range from 5.25% to 5.5% (2024: from 5.25% to 5.5%).	The higher the capitalisation rate, the lower the fair value.	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, at an average ranging from RMB1.9 to RMB6.0 (2024: from RMB2.0 to RMB6.0) per sqm per day on gross floor area basis.	The higher the daily market rent, the higher the fair value.	A significant increase in the daily market rent would result in a significant increase in fair value and vice versa.

13. Investment properties – continued

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Completed investment properties- continued					
Completed investment properties located in Chongqing with an aggregate carrying amount of RMB1,385 million (2024: RMB1,524 million)	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of a range from 5.25% to 5.5% (2024: 5.25% to 5.5%).	The higher the capitalisation rate, the lower the fair value.	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, at an average of a range from RMB1.2 to RMB2.3 (2024: from RMB1.2 to RMB2.4) per sqm per day on gross floor area basis.	The higher the daily market rent, the higher the fair value.	A significant increase in the daily market rent would result in a significant increase in fair value and vice versa.
Investment properties under construction or development that are measured at fair value					
Investment properties under construction or development located in Foshan with an aggregate carrying amount of RMB1,760 million (2024: RMB1,850 million)	Level 3	Market-based Approach The key inputs are: (1) Gross development value;	Gross development value on completion basis, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB4,722 million (2024: RMB4,896 million).	The higher the gross development value, the higher the fair value.	A significant increase in gross development value would result in a significant increase in fair value and vice versa.

There were no transfers in or out of Level 3 during both years.

On 31 December 2025, the Group's investment properties with a total carrying amount of RMB33,686 million (2024: RMB34,031 million) were pledged to secure banking facilities granted to the Group (note 37).

14. Property and equipment

	Land and buildings RMB'million	Hotel properties RMB'million	Hotels under development RMB'million	Furniture, fixtures, equipment and motor vehicles RMB'million	Total RMB'million
AT COST					
On 1 January 2024	743	635	52	535	1,965
Additions	–	–	–	14	14
Surplus on revaluation	4	–	–	–	4
Transfer to completed investment properties (note 13)	(52)	–	–	–	(52)
Disposals	–	–	–	(51)	(51)
Disposal of subsidiaries	(76)	–	–	(126)	(202)
On 31 December 2024 and 1 January 2025	619	635	52	372	1,678
Additions	–	–	1	36	37
Transfer to completed investment properties (note 13)	(8)	–	–	–	(8)
Disposals	–	–	–	(11)	(11)
On 31 December 2025	611	635	53	397	1,696
ACCUMULATED DEPRECIATION					
On 1 January 2024	194	346	–	455	995
Charge for the year	18	13	–	56	87
Transfer to completed investment properties (note 13)	(5)	–	–	–	(5)
Disposals	–	–	–	(50)	(50)
Disposal of subsidiaries	(55)	–	–	(123)	(178)
On 31 December 2024 and 1 January 2025	152	359	–	338	849
Charge for the year	17	13	–	48	78
Disposals	–	–	–	(11)	(11)
On 31 December 2025	169	372	–	375	916
CARRYING VALUES					
On 31 December 2025	442	263	53	22	780
On 31 December 2024	467	276	52	34	829

The carrying amounts of owner-occupied leasehold land and buildings of RMB435 million (2024: RMB460 million) and hotel properties of RMB263 million (2024: RMB276 million) at the end of the reporting year included both the leasehold land and building elements in property and equipment, as in the opinion of the directors of the Company, allocations of the carrying amounts between the leasehold land and buildings elements cannot be made reliably. The land portions of the remaining owner-occupied properties were included in right-of-use assets.

During the year ended 31 December 2025, the directors of the Company conducted an impairment review on the property and equipment, and no impairment loss was recognised for the year ended 31 December 2025 (2024: nil).

As of 31 December 2025, RMB327 million of the Group's property and equipment were pledged to secure banking facilities granted to the Group (2024: RMB59 million) (note 37).

15. Leases

The Group as a lessee

RIGHT-OF-USE ASSETS	Leasehold land RMB'million	Leased properties RMB'million	Total RMB'million
On 1 January 2024	13	4	17
Depreciation charge	–	(3)	(3)
On 31 December 2024 and 1 January 2025	13	1	14
Transfer from investment properties	–	14	14
Depreciation charge	(1)	(1)	(2)
On 31 December 2025	12	14	26

The Group leases various premises for its operations. Lease contracts are entered into for fixed terms of 3 years. Lease terms are negotiated individually and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the contract definition and determines the period for which the contract is enforceable.

Restrictions or covenants on leases

Lease liabilities of RMB14 million are recognised with related leased properties as of 31 December 2025. The lease agreements do not impose any covenants other than the security interests in the leased assets held by the lessor.

The Group as a lessor

Property rental income in respect of the investment properties earned RMB1,718 million (2024: RMB2,167 million) (note 5). The investment properties held have committed tenants for the next one to twelve years at fixed rentals. Included in the property rental income, certain leases contain contingent rental income recognised during the year ended 31 December 2025, amounting to RMB154 million (2024: RMB112 million). These contingent rentals are generally based on specified percentages of revenue of the tenants. The terms of the leases generally require the tenants to pay security deposits.

On 31 December 2025 and 2024, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 RMB'million	2024 RMB'million
Within one year	1,465	1,548
After one year but within two years	1,024	1,124
After two years but within three years	603	686
After three years but within four years	317	398
After four years but within five years	136	202
After five years	120	145
	3,665	4,103

16. Properties under development for sale

	2025 RMB'million	2024 RMB'million
At the beginning of the year	2,694	1,957
Additions	533	2,157
Transfer to properties held for sale	–	(1,420)
At the end of the year	3,227	2,694

As of 31 December 2025, the Group's properties under development for sale with a total carrying amount of RMB369 million (2024: nil) was pledged to secure banking facilities granted to the Group (note 37).

17. Interests in associates/amounts due from/loans from/amounts due to associates

	2025 RMB'million	2024 RMB'million
Share of net assets	11,888	8,641
Amounts due from associates – current		
– Unsecured, interest-free and repayable on demand	150	178
Amounts due to associates – current		
– Unsecured, interest-free and repayable on demand	61	216
Loans from an associate – non-current		
– Unsecured, fixed at 1.2% (2024: ranging between 1.2% and 3.85%) and repayable within four years	5,729	5,825
– Unsecured, interest-free and repayable within four years	6	–
	5,735	5,825

17. Interests in associates/amounts due from/loans from/amounts due to associates – continued

Particulars of the Group's associates as of 31 December 2025 are as follows:

Name of associates	Proportion of voting rights held by the Group		Proportion of nominal value of issued ordinary share capital/ registered capital held by the Group		Place of incorporation/ registration and operations	Principal activities
	2025	2024	2025	2024		
Colour Bridge Development Holdings Limited ("Colour Bridge")	49.5%	49.5%	49.5%	49.5%	BVI	Investment holding
重慶瑞安天地房地產發展有限公司 (Chongqing Shui On Tiandi Real Estate Development Company Limited) ("Chongqing Shui On Tiandi")	20%	20%	19.8%	19.8%	Chinese Mainland	Property development and other activities
Top Fountain Limited ("Top Fountain")	45%	45%	45%	45%	BVI	Investment holding
上海瑞永景房地產開發有限公司 ("Shanghai Rui Yong Jing") (Note)	29%	29%	25%	25%	Chinese Mainland	Property development and other activities

Note:

In 2018, under a joint venture agreement, the Group through a wholly owned subsidiary established Shanghai Rui Yong Jing with strategic partners for a property development and property investment project in Shanghai, the Chinese Mainland.

Following the change of required proportion of votes for board resolutions in the board of directors of Shanghai Rui Yong Jing, certain major decisions no longer require unanimous approval, the Company has lost joint control but retained significant influence over Shanghai Rui Yong Jing. Accordingly, the investment in Shanghai Rui Yong Jing was reclassified from a joint venture to an associate in 2025.

English name is for identification only

Summarised financial information regarding the Group's material associates, Colour Bridge and Shanghai Rui Yong Jing is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRS accounting standards.

The associates are accounted for using the equity method in the consolidated financial statements.

The summarised consolidated financial information of Colour Bridge for the years ended 31 December 2025 and 31 December 2024 is set out below:

	2025 RMB'million	2024 RMB'million
Current assets	478	647
Non-current assets	11,431	11,901
Current liabilities	299	337
Non-current liabilities	369	430
Net assets	11,241	11,781
Revenue	45	110
Profit and total comprehensive income for the year	88	334

17. Interests in associates/amounts due from/loans from/amounts due to associates – continued

Reconciliation of the above summarised consolidated financial information to the carrying amount of interest in Colour Bridge recognised in the consolidated financial statements:

	2025 RMB'million	2024 RMB'million
Net assets of Colour Bridge	11,241	11,781
Less: non-controlling interests	(97)	(96)
Equity attributable to shareholders of Colour Bridge	11,144	11,685
Proportion of the Group's ownership interest in Colour Bridge	50%	50%
Group's share of net assets in Colour Bridge	5,572	5,842
Carrying amount of the Group's interest in Colour Bridge (Note)	5,572	5,842

Note: The investment cost of RMB4,589 million is included in the carrying amount of the Group's interest in Colour Bridge (2024: RMB4,589 million).

The summarised financial information of Shanghai Rui Yong Jing for the years ended 31 December 2025 and 31 December 2024 is set out below:

	2025 RMB'million	2024 RMB'million
Current assets	289	348
Non-current assets	21,520	21,497
Current liabilities	1,119	1,030
Non-current liabilities	5,974	5,433
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	151	220
Non-current financial liabilities (excluding trade and other payables and provisions)	5,859	5,272
Revenue	340	170
Loss and total comprehensive expense for the year	(667)	(33)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shanghai Rui Yong Jing recognised in the consolidated financial statements:

	2025 RMB'million	2024 RMB'million
Net assets of Shanghai Rui Yong Jing	14,716	15,382
Proportion of the Group's ownership interest in Shanghai Rui Yong Jing	25%	25%
Group's share of net assets in Shanghai Rui Yong Jing	3,679	3,845
Transaction costs capitalised	3	3
Carrying amount of the Group's interest in Shanghai Rui Yong Jing (Note)	3,682	3,848

Note: The investment cost of RMB4,345 million is included in the carrying amount of the Group's interest in Shanghai Rui Yong Jing (2024: RMB4,345 million).

17. Interests in associates/amounts due from/loans from/amounts due to associates – continued

Information of associates that are not individually material:

	2025 RMB'million	2024 RMB'million
The Group's share of loss from continuing operations	(142)	(36)
The Group's share of other comprehensive (expense)/income	(22)	30
The Group's share of total comprehensive expense	(164)	(6)

Carrying amount of the Group's interest in these individually, not material associates:

	2025 RMB'million	2024 RMB'million
Investments in associates	2,634	2,799

18. Interests in joint ventures/loans to/amounts due from joint ventures/loans from/amounts due to joint ventures

	2025 RMB'million	2024 RMB'million
Share of net assets	10,590	13,035
Amounts due from joint ventures – non-current		
– Unsecured, interest-free (note (a))	1,692	1,771
	12,282	14,806
Loans to joint ventures – current		
– Unsecured, fixed rate at 1% (2024: 1% and 7%) and repayable within one year	3,513	5,108
Amounts due from joint ventures – current		
– Unsecured, interest-free, and repayable on demand	436	87
– Arising from disposal of equity interests in the Group's subsidiaries (note (b))	–	5,811
	3,949	11,006
Loans from joint ventures – non-current		
– Unsecured, fixed rate at 1% and repayable within three years (2024: 1%)	1,484	36
Loans from a joint venture – current		
– Unsecured, fixed rate at 1% and 3.45% and repayable within one year	–	30
Amounts due to joint ventures – current		
– Unsecured, interest-free and repayable on demand	15	18
	15	48

Notes:

(a) In the directors' opinion, all amounts due from joint ventures are unlikely to be repaid in 12 months.

(b) The remaining consideration of RMB5,811 million for the disposal of the equity interests in Shanghai Yangpu Centre Development Co., Ltd. ("YPU") and Shanghai Knowledge and Innovation Community Development Co., Ltd. ("KIC") was received in February 2025.

18. Interests in joint ventures/loans to/amounts due from joint ventures/ loans from/amounts due to joint ventures – continued

Particulars of the Group's joint ventures as of 31 December 2025 and 31 December 2024 are as follows:

Name of joint ventures	Proportion of voting rights held by the Group		Proportion of nominal value of issued ordinary share capital/ registered capital held by the Group		Place of incorporation/ registration and operations	Principal activities
	2025	2024	2025	2024		
Hua Xia Rising (Hong Kong) Limited	50%	50%	50%	50%	Hong Kong	Investment holding
上海復基房地產有限公司("Shanghai Fuji")# (Note (a))	50%	50%	50%	50%	Chinese Mainland	Property development and other activities
武漢城建瑞臻房地產開發有限公司 ("Wuhan Chengjian Ruizhen")# (Note (b))	50%	50%	50%	50%	Chinese Mainland	Property development and other activities
上海濱昌置業有限公司 ("Shanghai Binchang")# (Note (c))	60%	60%	60%	60%	Chinese Mainland	Property development and other activities
上海九澤置業有限公司 ("Shanghai Jiu Ze")# (Note (d))	35%	35%	35%	35%	Chinese Mainland	Property investment
上海瑞科壽長企業管理合夥企業 ("Shanghai Ruike Shouchang")# (Note (e))	46.8%	46.8%	46.8%	46.8%	Chinese Mainland	Investment holding
上海瑞天里企業管理有限公司 ("Rui Tian Li")# (Note (f))	33%	N/A	30%	N/A	Chinese Mainland	Management services
上海三林新天地城市更新建設有限公司("Sanlin Xintiandi Urban Renewal")# (Note (g))	33%	N/A	39%	N/A	Chinese Mainland	Property development and other activities
Commercial properties business (Note (h))	50%	50%	49.5%	49.5%	Chinese Mainland	Property investment and other activities

Notes:

- (a) In June 2021, the Group, through an indirect wholly-owned subsidiary, established Shanghai Fuji with a joint venture partner to carry out the property development project on the lands in Huangpu District, Shanghai. All major decisions of Shanghai Fuji require unanimous approval of all directors of Shanghai Fuji.
- (b) In December 2021, the Group, through an indirect wholly-owned subsidiary, established Wuhan Chengjian Ruizhen with a joint venture partner for the acquisition and development of certain lands in Wuchang District, Wuhan. All major decisions of Wuhan Chengjian Ruizhen require unanimous approval of all directors of Wuhan Chengjian Ruizhen.
- (c) In November 2022, the Group, through an indirect wholly-owned subsidiary, established Shanghai Binchang with a joint venture partner for the acquisition and development of a parcel of land in Yangpu District, Shanghai. All major decisions of Shanghai Binchang require unanimous approval of all directors of Shanghai Binchang.
- (d) In December 2023, the Group, through an indirect wholly-owned subsidiary, entered into an agreement with an independent third party pursuant to which the Group disposed of its 65% equity interest in Shanghai Jiu Ze. The disposal was completed on in January 2024, and the Group accounted for the remaining 35% equity interest as a joint venture upon completion as all major decisions of Shanghai Jiu Ze require unanimous approval of all directors of Shanghai Jiu Ze.
- (e) In November 2024, the Group, through an indirect wholly-owned subsidiary, established Shanghai Ruike Shouchang with a joint venture partner to acquire 86.8% equity interest in YPU and 99% equity interest in KIC, which is accounted for as a joint venture as all major decisions of Shanghai Ruike Shouchang require unanimous approval of all directors of Shanghai Ruike Shouchang.
- (f) In June 2025, the Group, through an indirect wholly-owned subsidiary, established Rui Tian Li with a joint venture partner to acquire a 50% equity interest in a company which holds three residential and commercial land parcels in Huangpu District, Shanghai. All major decisions of Rui Tian Li require unanimous approval of all directors of Rui Tian Li.
- (g) In November 2025, the Group, through an indirect non-wholly owned subsidiary, established Sanlin Xintiandi Urban Renewal with several joint venture partners to carry out an urban village renewal project at Sanlin in the Pudong, Shanghai. All major decisions of Sanlin Xintiandi Urban Renewal require the unanimous approval of the directors appointed by the Group and one of the joint venture partners.
- (h) The Group has an interest in certain commercial properties business which is principally engaged in property development and the management of commercial units in Shanghai.

English name is for identification only

18. Interests in joint ventures/loans to/amounts due from joint ventures/loans from/amounts due to joint ventures – continued

Summarised financial information regarding the Group's material joint ventures, Commercial properties business, Shanghai Ruike Shouchang, Shanghai Fuji, Wuhan Chengjian Ruizhen is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS accounting standards.

The joint ventures are accounted for using the equity method in the consolidated financial statements.

Interests in commercial properties business:

	2025 RMB'million	2024 RMB'million
Current assets	418	411
Non-current assets	15,093	15,446
Current liabilities	358	416
Non-current liabilities	6,725	6,742
Revenue	595	570
Loss and total comprehensive expense for the year	(271)	(169)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Commercial properties business recognised in the consolidated financial statements:

	2025 RMB'million	2024 RMB'million
Net assets of Commercial properties business	8,428	8,699
Proportion of the Group's ownership interest in Commercial properties business	49.5%	49.5%
Group's share of net assets in Commercial properties business	4,172	4,306
Carrying amount of the Group's interest in Commercial properties business (Note)	4,172	4,306

Note: The investment cost of RMB3,978 million is included in the carrying amount of the Group's interest in Commercial properties business (2024: RMB3,978 million).

Shanghai Ruike Shouchang

	2025 RMB'million	2024 RMB'million
Current assets	109	6
Non-current assets	8,509	8,040
Current liabilities	9	5,819
Non-current liabilities	4,093	–
Revenue	167	5
Profit and total comprehensive income for the year	47	3

18. Interests in joint ventures/loans to/amounts due from joint ventures/ loans from/amounts due to joint ventures – continued

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shanghai Ruike Shouchang recognised in the consolidated financial statements:

	2025 RMB'million	2024 RMB'million
Net assets of Shanghai Ruike Shouchang	4,516	2,227
Proportion of the Group's ownership interest in Shanghai Ruike Shouchang	46.8%	46.8%
	2,114	1,042
Other adjustment (Note(a))	–	(244)
Group's share of net assets in Shanghai Ruike Shouchang	2,114	798
Carrying amount of the Group's interest in Shanghai Ruike Shouchang (Note(b))	2,114	798

Notes:

(a) The adjustment in 2024 was mainly due to the shareholders of Shanghai Ruike Shouchang not making capital contributions in proportion to their respective shareholdings.

(b) The investment cost of RMB2,091 million is included in the carrying amount of the Group's interest in Shanghai Ruike Shouchang (2024: RMB797 million).

Shanghai Fuji

	2025 RMB'million	2024 RMB'million
Current assets	14,709	16,174
Non-current assets	506	24
Current liabilities	12,993	6,456
Non-current liabilities	1	7,265
Revenue	–	–
Loss and total comprehensive expense for the year	(13)	(30)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shanghai Fuji recognised in the consolidated financial statements:

	2025 RMB'million	2024 RMB'million
Net assets of Shanghai Fuji	2,221	2,477
Proportion of the Group's ownership interest in Shanghai Fuji	50%	50%
Group's share of net assets in Shanghai Fuji	1,111	1,239
Other adjustment	164	164
Carrying amount of the Group's interest in Shanghai Fuji (Note)	1,275	1,403

Note: The investment cost of RMB1,479 million is included in the carrying amount of the Group's interest in Shanghai Fuji (2024: RMB1,479 million).

18. Interests in joint ventures/loans to/amounts due from joint ventures/ loans from/amounts due to joint ventures – continued

Wuhan Chengjian Ruizhen

	2025 RMB'million	2024 RMB'million
Current assets	8,160	9,804
Non-current assets	53	64
Current liabilities	7,304	8,171
Non-current liabilities	389	780
Revenue	2,031	1
Loss and total comprehensive expense for the year	(376)	(42)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Wuhan Chengjian Ruizhen recognised in the consolidated financial statements:

	2025 RMB'million	2024 RMB'million
Net assets of Wuhan Chengjian Ruizhen	520	917
Proportion of the Group's ownership interest in Wuhan Chengjian Ruizhen	50%	50%
Group's share of net assets in Wuhan Chengjian Ruizhen	260	459
Carrying amount of the Group's interest in Wuhan Chengjian Ruizhen (Note)	260	459

Note: The investment cost of RMB499 million is included in the carrying amount of the Group's interest in Wuhan Chengjian Ruizhen (2024: RMB499 million).

Aggregate information of joint ventures that are not individually material:

	2025 RMB'million	2024 RMB'million
The Group's share of profit from continuing operations	334	213
The Group's share of other comprehensive income/(expense)	17	(11)
The Group's share of total comprehensive income	351	202

Aggregate carrying amount of the Group's interests in these individually, not material joint ventures:

	2025 RMB'million	2024 RMB'million
Investments in joint ventures	2,769	2,138

19. Receivables, deposits, and prepayments

	2025 RMB'million	2024 RMB'million
Trade receivables (note (a))	507	613
Prepayments of relocation costs (note (b))	17	6
Other deposits, prepayments, and other assets (note (c)) (note 41 (c))	295	340
Value-added tax recoverable	8	17
	827	976
Less: non-current portion	(220)	(262)
	607	714

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.

Details of ECL allowance for the year ended 31 December 2025 are set out in Note 41 (b).

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 (note 37).

20. Contract assets

	2025 RMB'million	2024 RMB'million
Construction	45	93

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date on construction. The contract assets are transferred to trade receivables when the rights become unconditional.

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain milestones are reached. The Group typically achieves specified milestones and thus has the right to bill the customers when the progress certificate, settlement letter or payment notice is obtained.

Details of ECL allowance for the year ended 31 December 2025 are set out in Note 41 (b).

21. Bank balances and cash and pledged bank deposits

	2025 RMB'million	2024 RMB'million
Bank and cash – unrestricted	2,245	2,871
Bank balances – restricted	2,390	2,083
Pledged bank deposits	1,816	2,780
	6,451	7,734
Less: pledged bank deposits for banking facilities	(1,816)	(2,780)
Bank balances and cash	4,635	4,954
	841	416
Pledged bank deposits – non current	841	416
Pledged bank deposits – current	975	2,364
Pledged bank deposits	1,816	2,780

Restricted bank balances as of 31 December 2025 include monies placed by the Group with banks amounting to RMB2,390 million (31 December 2024: RMB2,083 million), which can only be applied to designated projects of the Group.

Bank balances carry interest at market rates, which range from 0.05% to 1.00% (2024: 0.00% to 3.55%) per annum.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB6,230 million (31 December 2024: RMB7,245 million). The RMB is not freely convertible into other currencies. However, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale, and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

22. Properties held for sale

The Group's properties held for sale are situated in the Chinese Mainland. All the properties held for sale are stated at the lower of cost or net realisable value.

23. Amounts due from/to related companies

	2025 RMB'million	2024 RMB'million
Amounts due from related companies:		
Fellow subsidiaries	390	407
Amounts due to related companies:		
Fellow subsidiaries	331	339

All of the amounts due from related companies are non-trade in nature, unsecured and interest-free. In the opinion of the directors of the Company, the amounts due from related companies are expected to be repaid within twelve months after the end of the reporting period. Accordingly, the amounts are classified as current assets.

Amounts due to related companies are non-trade in nature, unsecured, interest-free and repayable on demand.

Details of ECL allowance for the year ended 31 December 2025 are set out in Note 41 (b).

24. Amounts due to non-controlling shareholders/loans to a non-controlling shareholder

	2025 RMB'million	2024 RMB'million
Loans from a non-controlling shareholder of subsidiaries – current	–	932
Amounts due to non-controlling shareholders of subsidiaries (note (a))	9	11
Loans to a non-controlling shareholder of a subsidiary – non-current (note (b))	18	–
Loan to a non-controlling shareholder of a subsidiary – current (note (b))	3	4

Notes:

(a) The amounts due to non-controlling shareholders of subsidiaries are unsecured, interest-free, and repayable on demand.

(b) The loan to a non-controlling shareholder of a subsidiary of RMB18 million and RMB3 million as of 31 December 2025 (2024: RMB4 million) are unsecured and repayable within three years and one year respectively, which carries interest at the rate of 1% (2024: 1%).

25. 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 (note 35)	870	828
Other payables and accrued charges	1,066	789
	3,786	3,723
Non-current portion comprises:		
Deposits received in advance for the rental of investment properties	407	437
Other payables	100	100
	507	537

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.

26. Contract liabilities

	2025 RMB'million	2024 RMB'million
Sales of properties	522	1

Revenue of RMB1 million and RMB4,005 million was recognised during the years ended 31 December 2025 and 2024, respectively, that was included in the contract liabilities at the beginning balance of the reporting year.

The Group receives payments from customers based on billing schedules as established in the property sales contracts. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period.

27. Bank and other borrowings

	2025 RMB'million	2024 RMB'million
Bank and other borrowings repayable within a period of *:		
– Not more than 1 year or on-demand	4,040	4,655
– More than 1 year, but not exceeding 2 years	2,052	2,663
– More than 2 years, but not exceeding 5 years	5,928	5,225
– More than 5 years	7,180	6,734
	19,200	19,277
Less: amount due within one year shown under current liabilities	(4,040)	(4,655)
Amount due after one year	15,160	14,622

* The amounts due are based on scheduled repayment dates in the loan agreements.

On 31 December 2025, the Group's bank and other borrowings amounting to RMB14,480 million (2024: RMB15,124 million) were secured by the pledge of assets as set out in note 37.

The carrying amounts of the Group's bank and other borrowings are analysed as follows:

Denominated in	Interest rate	2025 RMB'million	2024 RMB'million
RMB	Loan prime rate ("LPR") minus 0.40% to 1.30% or LPR, or plus 0.05% to 0.55% (2024: LPR minus 1.30% or LPR, or plus 0.05% to 1.48%/105% to 125% of LPR)	10,864	10,769
RMB	Offshore RMB Hong Kong interbank offered rate ("CNH HIBOR") plus 1.00% to 1.20% (2024: CNH HIBOR plus 1.00% to 2.50%)	3,725	2,866
RMB	Fixed rates, at 6.00%, 6.80% and 7.90% (2024: 6.80% and 7.90%)	2,300	800
HKD	(2024: HIBOR plus 3.30%)	–	380
USD	Secured overnight financing rate ("SOFR") plus 1.00% to 3.30% (2024: SOFR plus 1.00% to 3.80%)	2,311	4,462
		19,200	19,277

As of 31 December 2025, the weighted average effective interest rate on the bank and other borrowings was 4.77% (2024: 4.92%).

28. Share capital

	Authorised		Issued and fully paid	
	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 RMB'million	2024 RMB'million
Shown in the consolidated statement of financial position as	146	146

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29. Reserves

	Share premium	Merger reserve	Special reserve	Share award reserve	Exchange reserve	Hedge reserve	Other reserves	Property revaluation reserve*	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
On 1 January 2025	18,052	122	(135)	10	(1,577)	(3)	(211)	116	16,374
Exchange differences arising on translation of foreign operations	-	-	-	-	64	-	-	-	64
The effective portion of changes in the fair value of currency forward contract designated as cash flow hedges	-	-	-	-	-	(34)	-	-	(34)
Reclassification from hedge reserve to profit or loss arising from currency forward contract	-	-	-	-	-	17	-	-	17
Share of other comprehensive expense of a joint venture and an associate	-	-	-	-	-	-	(5)	-	(5)
Total other comprehensive income for the year	-	-	-	-	64	(17)	(5)	-	42
On 31 December 2025	18,052	122	(135)	10	(1,513)	(20)	(216)	116	16,416

	Share premium	Merger reserve	Special reserve	Share award reserve	Exchange reserve	Hedge reserve	Other reserves	Property revaluation reserve*	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
On 1 January 2024	18,052	122	(135)	10	(1,399)	(20)	(230)	113	16,513
Exchange differences arising on translation of foreign operations	-	-	-	-	(178)	-	-	-	(178)
The effective portion of changes in the fair value of currency forward contracts designated as cash flow hedges	-	-	-	-	28	-	-	-	28
Reclassification from hedge reserve to profit or loss arising from currency forward contracts	-	-	-	-	-	(11)	-	-	(11)
Surplus on revaluation of properties transferred from property and equipment to completed investment properties, net of tax	-	-	-	-	-	-	-	3	3
Share of other comprehensive income of a joint venture and an associate	-	-	-	-	-	-	19	-	19
Total other comprehensive expenses for the year	-	-	-	-	(178)	17	19	3	(139)
On 31 December 2024	18,052	122	(135)	10	(1,577)	(3)	(211)	116	16,374

* The property revaluation reserve arose from a change in use from owner-occupied properties to investment properties carried at fair value.

29. Reserves – continued

- (a) Merger reserve represents the aggregate of:
- (i) the difference between the nominal value of the share capital and share premium on the shares issued by the Company and the aggregate of the share capital and share premium of the then holding companies of certain subsidiaries acquired;
 - (ii) the difference between the fair value of the consideration paid and the carrying amount of the net assets attributable to the additional interest in the subsidiaries being acquired from a non-controlling shareholder upon the Group's reorganisation in 2004.
- (b) Special reserve comprises:
- The difference between the fair value of the consideration paid and the carrying amount of the net assets attributable to the additional interest in the subsidiaries being acquired from non-controlling shareholders.
- (c) Other reserves mainly comprise:
- (i) waiver of debts by a then shareholder of the Company;
 - (ii) the difference between the fair value of the consideration paid and the carrying amount of the net assets attributable to the additional interest in subsidiaries as acquired from the then non-controlling shareholders;
 - (iii) the difference between the fair value of the consideration received and the carrying amount of the net assets attributable to the partial disposal of equity interests in certain subsidiaries; and
 - (iv) the exchange gain or loss on redemption of convertible perpetual capital securities and perpetual capital securities.

30. Senior notes

	2025 RMB'million	2024 RMB'million
On 1 January	6,437	9,898
Interest charged during the year	211	503
Less: Interest paid	(253)	(565)
Less: Repayments of senior notes	(3,512)	(3,520)
Exchange realignment	(74)	121
On 31 December	2,809	6,437
Less: Amount due within one year shown under current liabilities	(2,809)	(3,569)
Amount due after one year	–	2,868

On 31 December 2025, the effective interest rate on the senior notes was 5.59% (2024: 5.50% to 5.59%) per annum. The senior notes are unsecured and guaranteed by the Company.

31. Receipts under securitisation arrangements

On 27 April 2023, Shanghai Rui Qiao Property Development Co., Ltd., a wholly-owned subsidiary of the Company, obtained financing under securitisation arrangements (the "Receipts Under Securitisation Arrangements") with an aggregate principal amount of RMB4,401 million, comprising (i) RMB4,400 million with a term of fixed annual coupon rate of 3.9% with interest being paid quarterly, and (ii) RMB1 million bearing nil annual coupon rate. The Receipts Under Securitisation Arrangements are listed on the Shanghai Stock Exchange and will be repaid in instalments till 26 March 2041. The Receipts Under Securitisation Arrangements are assets backed securitisation collateralised by certain commercial assets held by Shanghai Rui Qiao Property Development Co., Ltd. and certain of its future rental income.

32. Deferred tax assets/liabilities

The following are the major deferred tax liabilities/(assets) recognised and movements thereon during the current and prior years:

	Temporary differences resulting from investment properties	Tax losses	Recognition of sales and related cost of sales	Withholding tax on income derived in Chinese Mainland	Others	Total
	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million	RMB'million
1 January 2024	4,430	(76)	65	129	(101)	4,447
Charge/(credit) to profit or loss	(80)	(30)	134	(5)	(241)	(222)
Disposal of subsidiaries	(1,075)	–	(16)	–	5	(1,086)
On 31 December 2024 and 1 January 2025	3,275	(106)	183	124	(337)	3,139
(Credit)/charge to profit or loss	(442)	(198)	(70)	(16)	179	(547)
Realized	(212)	–	–	–	–	(212)
On 31 December 2025	2,621	(304)	113	108	(158)	2,380

For presentation of the consolidated statement of financial position, certain deferred tax (assets) liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025 RMB'million	2024 RMB'million
Deferred tax assets	(301)	(259)
Deferred tax liabilities	2,681	3,398
	2,380	3,139

At the end of the reporting year, the Group has unused tax losses of RMB3,276 million (2024: RMB2,121 million) available to offset against future profits. A deferred tax asset has been recognised for such tax losses amounting to RMB1,214 million (2024: RMB424 million). No deferred tax asset has been recognised for deductible temporary differences of RMB1,087 million and the remaining tax losses of RMB2,062 million (2024: RMB1,697 million) as it is not considered probable that taxable profits will be available to utilise those tax losses. The unrecognised tax losses will expire in the following years ending 31 December:

	2025 RMB'million	2024 RMB'million
2025	–	45
2026	134	134
2027	231	254
2028	436	605
2029	435	659
2030	826	–
	2,062	1,697

33. Provident and retirement fund schemes

Hong Kong

The Group participated in both a defined benefit plan (the “Plan”) which was registered under the Occupational Retirement Schemes Ordinance and a Mandatory Provident Fund Scheme (the “MPF Scheme”) established under the Mandatory Provident Fund Schemes Ordinance in December 2000.

The MPF Scheme

All new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme. For members of the MPF Scheme, contributions are made by the employees at 5% of relevant income and by the Group at rates ranging from 5% to 10% of the employees’ salaries, depending on the employees’ length of services with the Group.

The Plan

The Plan has been wound up with an effective date of 31 August 2025. Accrued benefit of the existing members has been transferred to the MPF scheme or paid in cash.

The Group’s contributions to the Plan and the MPF Scheme charged to the consolidated statement of profit or loss as staff costs during the year ended 31 December 2025 amounting to RMB3 million (2024: RMB5 million).

Chinese Mainland

According to the relevant laws and regulations in the Chinese Mainland, certain subsidiaries established in the Chinese Mainland are required to contribute a specific percentage of the payroll of their employees to retirement benefit schemes to fund the retirement benefits of their employees. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the respective schemes.

The Group’s contributions to the state-managed retirement benefit schemes charged to the consolidated statement of profit or loss as staff costs during the year ended 31 December 2025 amounted to RMB48 million (2024: RMB53 million).

34. Share-based payment transactions

Share award scheme

On 1 April 2015, a connected employee share award scheme and an employee share award scheme were adopted by the Company. The share award scheme is effective for 16 years commencing from 1 April 2015. Under these two schemes, the Group had set up a trust for the purpose of administering the share award scheme and holding the awarded shares before they vest. The Company shall pay to the trustee monies and give directions or recommendation to the trustee to apply such monies and/or such other net amount of cash derived from shares held as part of the fund of the trusts to acquire shares from the market and/or to allot and issue shares to the trustee, to satisfy any award made to selected participants. The remuneration committee of the Company shall select eligible persons and determine the number of shares to be awarded. Upon termination of the schemes, the trustee shall sell all unvested shares remaining in the trusts within a reasonable time as agreed between the trustee and the Company and remit all cash and net proceeds of such sale and such other funds remaining in the trust to the Company.

As of 31 December 2025 and 2024, 17,710,250 shares were allocated at par and held by the trust for the share award schemes.

35. Assets classified as held for sale

On 9 July 2021, the Company's wholly-owned subsidiaries, Fo Shan Rui Fang Property Development Co., Ltd. and Fo Shan Rui Kang Tian Di Property Development Co., Ltd., entered into Land Resumption Agreement No.7 and No.8 respectively with Foshan Chancheng District Land Reserve Center and Foshan Chancheng District Zumiao Sub-district Office, to surrender Land No.7 and No.8 accordingly.

As of 31 December 2025, Foshan Rui Fang Property Development Co., Ltd has received RMB870 million as part of consideration for the land surrender which was accounted for as deposit received in respect of land resumption.

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.

In the opinion of the directors of the Company, the delay in the land surrender is caused by circumstances beyond the Company's control. The Company remains committed to its plan to sell and surrender the assets. Therefore, the related assets have been classified as "assets classified as held for sale" as of 31 December 2025 in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinue Operations*.

36. Disposal

(a) Disposal of equity interest in YPU and KIC

In November 2024, the Group entered into an agreement with the existing shareholders of YPU and KIC to transfer 86.8% equity interest in YPU and 99% equity interest in KIC to Shanghai Ruike Shouchang, at the consideration of RMB4,706 million and RMB2,668 million, respectively. The transaction was completed in December 2024.

The net assets of YPU and KIC at the date of completion were as follows:

	RMB'million
Net assets disposed of:	
Investment properties	8,557
Bank balances and cash	187
Receivables, deposits, and prepayments	163
Other assets	76
Accounts payable, deposits received, and accrued charges	(348)
Deferred tax liabilities	(1,086)
Bank borrowings	(499)
Other liabilities	(50)
	7,000
Less: non-controlling interests	(590)
Net assets attributable to shareholders of YPU and KIC	6,410
Gain on disposal of subsidiaries:	
Cash consideration	7,374
Less: transaction costs	(10)
Less: net assets attributable to shareholders of YPU and KIC	(6,410)
Gain on disposal	954
Less: tax related to the disposal	(343)
Gain on disposal after taxation	611
Attributable to:	
Shareholders of the Company	176
Non-controlling shareholders of subsidiaries	435
	611

36. Disposal – continued

(a) Disposal of equity interest in YPU and KIC – continued

An analysis of the net inflow of bank balances and cash in respect of the disposal of YPU and KIC is as follows:

	RMB'million
Cash consideration, net of transaction costs and tax paid	7,026
Less: amount due from a joint venture (note 18)	(5,811)
Less: bank balances and cash disposed of	(187)
	1,028

(b) Disposal of equity interests in Shanghai Jiu Ze Property Co., Ltd.

In December 2023, the Group agreed with Shanghai Hongrui Shouyuan Consulting Management Partnership (Limited Partnership) to dispose of its 65% equity interest in Shanghai Jiu Ze Property Co., Ltd. ("Hong Shou Fang") at a consideration of RMB1,209 million and the transaction was completed in January 2024 and Hong Shou Fang is accounted for as a joint venture after the completion of the transaction. The transaction didn't have material impact on the Group's profit or loss.

37. Pledge of assets

The following assets are pledged to banks as securities to obtain certain banking facilities at the end of the reporting year:

	2025 RMB'million	2024 RMB'million
Investment properties	33,686	34,031
Property and equipment	327	59
Right-of-use assets	5	5
Properties under development for sale	369	–
Receivables	91	185
Bank deposits	1,816	2,780
	36,294	37,060

In addition, the equity interest in a Group's subsidiary with a carrying amount of net assets of RMB2,827 million (2024: RMB2,924 million) was pledged to banks as securities to obtain banking facilities granted to the Group at the end of the reporting period.

38. Commitments and contingencies

(a) Capital and other commitments

At the end of the reporting year, the Group has the following commitments:

	2025 RMB'million	2024 RMB'million
<i>Contracted but not provided for:</i>		
Development costs for properties under development held for sale	197	21
Investments in joint ventures (Note)	7,161	5,078
	7,358	5,099

Note:

The Group agreed to contribute capital to certain joint venture companies for property development or urban village renewal projects.

(b) Contingent liabilities

The Group provided guarantees to banks in favour of its customers in respect of the mortgage loans provided by the banks to those home-buyers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the home-buyers as a pledge for security to the mortgage loans granted. On 31 December 2025, the Group considered these outstanding guarantees amount to be insignificant.

In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the directors of the Company exercise judgment in the evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition, and the directors consider that the possibility of the default of the parties involved is remote, and accordingly, nil amount was recognised in the consolidated statement of financial position as at 31 December 2025 and 31 December 2024. Should the actual outcome differ from the expected, provision for losses would be recognised in the consolidated financial statements.

39. Related party transactions

- (a) Apart from the related party transactions and balances, as stated in notes 10, 17, 18, 23, and 24, the Group has the following transactions with related companies during the year:

	2025 RMB'million	2024 RMB'million
<i>Shui On Company Limited ("SOCL") (note (i)) and its subsidiaries other than those of the Group</i>		
Rental expense *	4	4
Renovation expense*	1	2
Service cost reimbursement*	3	3
<i>SOCAM Development Limited ("SOCAM") (note (ii)) and its subsidiaries, being subsidiaries of SOCL</i>		
Rental and buildings management fee income*	–	1
Smart facility enhancement work expenditure**	1	1
<i>Great Eagle Holdings Limited (note (iii)) and its subsidiaries</i>		
Rental and building management fee income*	3	3
Hotel management fee expense*	4	3
<i>Associates</i>		
Revenue from construction services	4	4
Revenue from real estate asset management service	50	32
Interest expense	71	145
Service cost reimbursement	18	7
<i>Joint ventures</i>		
Revenue from project management service and sales commission	221	103
Interest income	33	157
Interest expense	4	6
Revenue from real estate asset management service	94	58
Revenue from construction services	231	231
Rental and building management fee income	6	2
Revenue from consulting service	15	8
Rental and building management fee expenses	7	5
Service cost reimbursement	35	41
<i>Non-controlling shareholders of subsidiaries</i>		
Management service fee expense*	8	13
<i>Key management personnel</i>		
Property sales***	78	–
Short-term benefits*	63	81
Post-employment benefits*	1	2
	64	83

39. Related party transactions – continued

Notes: These transactions were carried out per the terms and conditions mutually agreed by the parties involved.

- (i) SOCL is a private limited liability company incorporated in the British Virgin Islands, and Mr. Vincent H. S. LO, who is also the chairman and an executive director of the Company, is a shareholder of SOCL.
- (ii) SOCAM Development Limited, a subsidiary of SOCL, is listed on the Hong Kong Stock Exchange.
- (iii) Great Eagle Holdings Limited is listed on the Hong Kong Stock Exchange. Dr. Lo Ka Shui is a substantial shareholder of Great Eagle Holdings Limited, and he is an associate of Mr. Vincent H. S. LO.

The related party transactions were conducted in compliance with the Listing Rules.

- * Certain above disclosed related party transactions constituted continuing connected transactions of the Company and fully exempt from the connected transaction requirements under Chapter 14A of the Listing Rules.
- ** Smart facility enhancement work expenditures were the continuing connected transactions subject to reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.
- *** These related party transactions were connected transactions fully exempt from the connected transaction requirements under Chapter 14A of the Listing Rules, save as the sale of property to a family member of an executive director of the Company disclosed in the Company's announcement dated 8 December 2025.

40. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of net debt, which includes bank and other borrowings, senior notes, and receipts under securitisation arrangements disclosed in notes 27, 30, and 31, respectively, net of bank balances and cash and pledged bank deposits and equity comprising issued share capital and reserves and non-controlling shareholders of subsidiaries.

The directors of the Company review the capital structure of the Group by using a net gearing ratio, which is calculated based on dividing the net debt by total equity. The review is conducted at least quarterly and before each major financing or investment decision is made.

The net gearing ratios at the end of reporting periods are as follows:

	2025 RMB'million	2024 RMB'million
Bank and other borrowings	19,200	19,277
Senior notes	2,809	6,437
Receipts under securitisation arrangements	4,285	4,213
Pledged bank deposits	(1,816)	(2,780)
Bank balances and cash	(4,635)	(4,954)
Net debt	19,843	22,193
Total equity	38,230	42,669
Net gearing ratio	52%	52%

41. Financial instruments

a. Categories of financial instruments

	2025 RMB'million	2024 RMB'million
Financial assets		
Financial assets at amortised cost	11,176	21,368
Financial liabilities		
Derivative financial liabilities	37	3
Financial liabilities at amortised cost	38,101	41,333

41. Financial instruments – continued

b. Financial risk management objectives and policies

The Group's major financial instruments include derivative financial instruments, loans to joint ventures, receivables and prepayments of relocation costs, amounts due from associates, amounts due from related companies, amounts due from joint ventures, loans to a non-controlling shareholder of a subsidiary, bank balances and cash, pledged bank deposits, accounts and other payable, loans from/amounts due to joint ventures, loans from/amounts due to associates, amounts due to related companies, amounts due to non-controlling shareholders of subsidiaries, bank and other borrowings, senior notes, receipts under securitisation arrangements, lease liabilities and liability arising from a rental guarantee arrangement.

Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

The main risks arising from the Group's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. The directors review and agree on policies for managing each of these risks and they are summarised below.

Currency risk

All of the Group's revenues are denominated in RMB. However, the Group has certain bank balances and debt obligations denominated in foreign currency. As a result, the Group is exposed to fluctuations in foreign exchange rates. The foreign currency exposure is managed within approved policy parameters utilising currency forward contracts.

The Group determines the economic relationship between the hedged items and the hedging instruments by reviewing their critical terms and performing a quantitative assessment. The Group applies hedge accounting for those currency forward contracts that the risk being hedged for the hedged items and the risk inherent in the hedging instruments are sufficiently aligned.

The carrying amounts of the Group's foreign currency-denominated monetary assets and liabilities at the end of the reporting year are as follows:

	2025 RMB'million	2024 RMB'million
HKD		
Assets	35	75
Liabilities	8	390
USD		
Assets	174	403
Liabilities	4,413	10,201

The Group has entered into a contract in relation to the foreign currency-denominated monetary liabilities amounting to RMB731 million (equivalent to USD104 million forward contract) (31 December 2024: RMB748 million (equivalent to USD104 million forward contract)).

Sensitivity analysis

The Group is mainly exposed to the currency risk of HKD and USD.

The following paragraphs detail the Group's sensitivity to a 5% increase and decrease in functional currency against the relevant foreign currency. The sensitivity rate used when reporting foreign currency risk internally to key management personnel is 5%, and it represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis only includes foreign currency outstanding denominated monetary items assuming the balances at the end of the reporting period outstanding for the whole year. It adjusts its translation at the year's end for a 5% change in foreign currency rates.

41. Financial instruments – continued

b. Financial risk management objectives and policies – continued

Currency risk – continued

If RMB strengthens/weakens by 5% against HKD with all other variables held constant, the effect on the profit or loss of the Group will be RMB1 million (2024: RMB2 million). This is mainly attributable to the exposure for those bank balances and cash and outstanding bank borrowings denominated in HKD, which are neither subject to cash flow hedges nor belong to certain overseas subsidiaries, of which functional currency is not RMB, at the end of the reporting year.

If the RMB strengthens/weakens by 5% against USD with all other variables held constant, the effect on the profit or loss of the Group will be RMB66 million (2024: RMB130 million). This is mainly attributable to the exposure for those bank balances and cash, bank borrowings and senior notes denominated in USD, which are neither subject to cash flow hedges nor belong to certain overseas subsidiaries, of which functional currency is not RMB, at the end of the reporting year.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the year.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's exposure to changes in interest rates is mainly attributable to its bank balances and restricted bank balances (note 21) and bank and other borrowings (note 27) at variable rates.

Management aims at keeping bank and other borrowings at fixed rates at an appropriate level by entering into interest rate swaps. Management adopts a policy of ensuring that bank and other borrowings of the Group at an appropriate portion are effectively hedged on a fixed rate basis using interest rate swaps.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR, SOFR, CNH HIBOR, and LPR arising from the Group's HKD, USD, and RMB borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate bank and other borrowings the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Bank balances are excluded from sensitivity analysis as the Company directors consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit/loss for the year would decrease/increase by RMB131 million (2024: RMB145 million). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank and other borrowings, after considering the effects of the capitalisation of interest costs.

Credit risk and impairment assessment

The Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group, is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount in relation to a financial guarantee issued by the Group as disclosed in note 38(b).

The Group's credit risk is primarily attributable to its loans to related parties (including loan to a non-controlling shareholder of a subsidiary, loans to joint ventures, amounts due from associates, amounts due from related companies, and amounts due from joint ventures), receivables and prepayments of relocation costs, other receivables, contract assets, cash deposits with banks and amount in relation to the financial guarantees provided by the Group.

4]. Financial instruments – continued

b. Financial risk management objectives and policies – continued

Credit risk and impairment assessment – continued

Receivables and contract assets arising from contracts with customers

To minimise the credit risk, the Group has policies in place to ensure that sales are made to purchasers with appropriate financial strength and percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under the ECL model on trade balances arising from sales of properties and arising from construction revenue based on the provision matrix. The credit risk of rental receivables is minimal as the Group has collected rental deposits from the tenants to secure any potential losses from uncollectible debts.

For other receivables, the Group makes periodic individual assessments on the recoverability of other receivables, prepayments of relocation costs, and deposits based on historical settlement records, experience, and quantitative and qualitative information that is reasonable and supportive of forward-looking information. The Group believes there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECL.

Loans to/amounts due from related companies

The Group has loans to related companies, including loans to joint ventures, loans to a non-controlling shareholder of a subsidiary, amounts due from associates, amounts due from related companies, and amounts due from joint ventures. The Group regularly monitors the business performance of the associates and joint ventures. The Group's credit risks in the loans to joint ventures, amounts due from associates/joint ventures are mitigated through the value of the assets held by these entities and the power to participate or jointly control the relevant activities of these entities. The credit risk of amounts due from related companies is managed internally. The Group also actively monitors the outstanding amounts owed by each debtor and uses past-due information to assess whether credit risk has increased significantly since initial recognition. The Group believes that there has been no significant increase in the credit risk of loans to a non-controlling shareholder of a subsidiary, amounts due from associates, amounts due from joint ventures and amounts due from related companies since initial recognition and the Group provided impairment based on 12-month ECL. For the years ended 31 December 2025 and 2024, the Group assessed the ECL for loans to related companies as insignificant, and thus no loss allowance was recognised.

The Group has a concentration of credit risk from loans to joint ventures of RMB3,513 million (2024: RMB5,108 million), amounts due from joint ventures of RMB2,128 million (2024: RMB7,669 million), amounts due from related companies of RMB390 million (2024: RMB407 million) and amounts due from associates of RMB150 million (2024: RMB178 million).

Cash deposits with banks

Cash deposits are mainly placed with state-owned financial institutions and reputable banks, all high-credit-quality financial institutions. Therefore, the Group's credit risk on liquid funds is limited.

Other than the concentration of credit risk in some of the loans to related parties, as disclosed above, the Group has no other significant concentration of credit risk. Receivables consist of a large number of customers and counterparties.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Receivables/ contract assets	Other financial assets/ other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or through external sources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty, and the Group has no realistic prospect of recovery	Amount is written-off	Amount is written-off

41. Financial instruments – continued

b. Financial risk management objectives and policies – continued

Credit risk and impairment assessment – continued

The tables below detail the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	2025 Gross carrying amount RMB'million	2024 Gross carrying amount RMB'million
Financial assets at amortised cost						
Receivables	19	N/A	Note 2	Lifetime ECL (provision matrix)	221	281
Amounts due from associates	17	N/A	Note 1	12-month ECL	150	178
Loans to/amounts due from joint ventures	18	N/A	Note 1	Lifetime ECL (not credit-impaired)	5,641	13,062
Amounts due from related companies	23	N/A	Note 1	Lifetime ECL (not credit-impaired)	390	407
Loans to a non-controlling shareholder of a subsidiary	24	N/A	Note 1	12-month ECL	21	4
Prepayments of relocation costs	19	N/A	Note 1	12-month ECL	17	6
Pledged bank deposits	21	aaa to a	N/A	12-month ECL	1,816	2,780
Bank balances and cash	21	aaa to a	N/A	12-month ECL	4,635	4,954
Other items						
Contract assets	20	N/A	Note 2	Lifetime ECL (provision matrix)	45	93

Notes:

1. For internal credit risk management, the Group uses past-due information to assess whether credit risk has increased significantly since initial recognition.

	Past due RMB'million	Not past due/ no fixed repayment term RMB'million	Total RMB'million
2025			
Amounts due from associates	–	150	150
Loans to/amounts due from joint ventures	–	5,641	5,641
Amounts due from related companies	–	390	390
Loans to a non-controlling shareholder of a subsidiary	–	21	21
Prepayments of relocation costs	–	17	17
	–	6,219	6,219
2024			
Amounts due from associates	–	178	178
Loans to/amounts due from joint ventures	–	13,062	13,062
Amounts due from related companies	–	407	407
Loans to a non-controlling shareholder of a subsidiary	–	4	4
Prepayments of relocation costs	–	6	6
	–	13,657	13,657

2. For receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix.

41. Financial instruments – continued

b. Financial risk management objectives and policies – continued

Credit risk and impairment assessment – continued

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment of its customers in relation to its property sales and construction operation because these customers consist of many small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due per the contractual terms. The following table provides information about the exposure to credit risk for receivables and contract assets, which are assessed based on the provision matrix as of 31 December 2025 within lifetime ECL (not credit-impaired).

	2025 loss rate	2024 loss rate	Receivables and contracts assets 2025	Receivables and contracts assets 2024
			RMB'million	RMB'million
Gross carrying amount				
Current (not past due)	0.1%	0.1%	60	124
1-30 days past due	1%	1%	70	54
31-60 days past due	2%	2%	4	6
61-90 days past due	4%	4%	2	7
More than 90 days past due	17%	10%	130	183
			266	374

The loss rates are estimated based on historical observed default rates over the expected life of the debtors and adjusted for forward-looking information that is available without undue cost or effort.

During the year ended 31 December 2025, the Group made a provision of RMB31 million for impairment allowance for receivables, based on the provision matrix.

The following table shows the movement in lifetime ECL that has been recognised for receivables and contract assets under the simplified approach and for other receivables and loans to/amounts due from joint ventures by using past-due information.

	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)
	RMB'million	RMB'million
On 1 January 2024	23	–
– Impairment losses	2	285
– Written off	(6)	–
On 31 December 2024 and 1 January 2025	19	285
– Impairment losses	4	27
– Written off	–	(312)
On 31 December 2025	23	–

Changes in the loss allowance are mainly due to:

	Year ended 31 December 2025	
	Increase in lifetime ECL	
	Not credit-impaired RMB'million	Credit-impaired RMB'million
Impairment losses provided in the reporting year based on the provision matrix with a gross carrying amount of RMB266 million and credit-impaired with a gross carrying amount of RMB27 million	4	27

41. Financial instruments – continued

b. Financial risk management objectives and policies – continued

Credit risk and impairment assessment – continued

	Year ended 31 December 2024	
	Increase in lifetime ECL	
	Not credit-impaired RMB'million	Credit-impaired RMB'million
Impairment losses provided in the reporting year based on the provision matrix with a gross carrying amount of RMB374 million and credit-impaired with a gross carrying amount of RMB13,062 million	2	285

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility using derivative financial liabilities, bank and other borrowings, senior notes, receipts under securitisation arrangements, amounts due to related companies, loans from/amounts due to a joint venture/associates, amounts due to non-controlling shareholders and lease liabilities. The Group also monitors the current and expected liquidity requirements and its compliance with lending covenants regularly to ensure it maintains sufficient working capital and adequate committed lines of funding to meet its liquidity requirement.

The following table details the maturities of the Group's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date the Group can be required to pay. The table includes both interest and principal cash flows.

For derivative instruments that are settled on a net basis, undiscounted net cash outflows are presented.

Liquidity and interest risk tables

	Weighted average effective interest rate %	Within 1 year or on demand RMB'million	More than 1 year but less than 2 years RMB'million	More than 2 years but less than 5 years RMB'million	More than 5 years RMB'million	Total undiscounted cash flows RMB'million	Carrying amount on 31 December 2025 RMB'million
2025							
Non-derivative financial liabilities							
Financial liabilities included in accounts payable, deposits received and accrued charges		3,616	159	317	31	4,123	4,123
Bank and other borrowings	4.77%	4,647	2,506	6,795	8,098	22,046	19,200
Senior notes	5.59%	2,890	–	–	–	2,890	2,809
Receipts under securitisation arrangements	3.90%	220	233	788	5,094	6,335	4,285
Amounts due to related companies		331	–	–	–	331	331
Loans from/amounts due to joint ventures/associates		163	1,063	6,679	–	7,905	7,295
Amounts due to non-controlling shareholders		9	–	–	–	9	9
Financial guarantee contracts (note)		107	–	–	–	107	–
Lease liabilities		5	5	15	37	62	49
		11,988	3,966	14,594	13,260	43,808	38,101

41. Financial instruments – continued

b. Financial risk management objectives and policies – continued

Liquidity risk – continued

Liquidity and interest risk tables – continued

	Weighted average effective interest rate %	Within 1 year or on demand RMB'million	More than 1 year but less than 2 years RMB'million	More than 2 years but less than 5 years RMB'million	More than 5 years RMB'million	Total undiscounted cash flows RMB'million	Carrying amount on 31 December 2024 RMB'million
2024							
Non-derivative financial liabilities							
Financial liabilities included in accounts payable, deposits received and accrued charges		3,362	169	333	35	3,899	3,899
Bank and other borrowings	4.92%	5,456	3,289	6,362	8,093	23,200	19,277
Senior notes	5.54%	3,777	2,955	–	–	6,732	6,437
Receipts under securitisation arrangements	3.90%	216	220	744	5,272	6,452	4,213
Amounts due to related companies		339	–	–	–	339	339
Loans from/amounts due to a joint venture/associates		334	5,914	–	–	6,248	6,125
Loans from/amounts due to non-controlling shareholders		943	–	–	–	943	943
Financial guarantee contracts (note)		102	–	–	–	102	–
Lease liabilities		13	13	41	58	125	100
		14,542	12,560	7,480	13,458	48,040	41,333

Notes:

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on the expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under such an arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee, which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

c. Fair value measurement

The fair values of the Group's financial assets and financial liabilities, excluding derivative financial instruments, are determined by generally accepted pricing models based on discounted cash flow analysis.

The Group's investments in unlisted companies are not traded in an active market, the majority of their fair values are categorized within Level 3 hierarchy and have been determined using net asset value model. The fair value measurement of these investments may involve unobservable inputs such as credit spread, net value of underlying investment, probability of default, loss given default, volatility and liquidity discount. The fair values of these instruments in-Level.3 were not significantly sensitive to a reasonable change in these unobservable inputs.

The Group's derivative financial instruments are measured at fair value at the end of the reporting period, and they are grouped under Level 2 financial instruments based on the degree to which the fair value is observable.

The Group's currency forward contract amounting to RMB37 million as financial liabilities (2024: RMB3 million as financial liabilities) are measured at the present value of future cash flows, estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting year) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

41. Financial instruments – continued

c. Fair value measurement – continued

The fair values of the fixed rate interest-bearing loans from an associate, loans from a joint venture, loans to joint ventures, bank and other borrowings and receipts under securitisation arrangements categorized within Level 3 hierarchy have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk, and remaining maturities. The amounts of the Group's fixed rate interest-bearing loans from an associate, loans from a joint venture, loans to joint ventures, bank and other borrowings and receipts under securitisation arrangements at 31 December 2025 and 2024 approximated their fair values.

The fair values of senior notes are based on market prices.

Assets/liabilities for which fair value are disclosed:

As of 31 December 2025

	Fair value measurement using			Total RMB'million	Carrying amounts RMB'million
	Quoted prices in active markets (Level 1) RMB'million	Significant observable inputs (Level 2) RMB'million	Significant unobservable inputs (Level 3) RMB'million		
Loans from joint ventures	–	–	1,484	1,484	1,484
Loans from an associate	–	–	5,735	5,735	5,735
Bank and other borrowings	–	–	2,300	2,300	2,300
Receipts under securitisation arrangements	–	–	4,285	4,285	4,285
Senior notes	2,716	–	–	2,716	2,809
	2,716	–	13,804	16,520	16,613

As of 31 December 2024

	Fair value measurement using			Total RMB'million	Carrying amounts RMB'million
	Quoted prices in active markets (Level 1) RMB'million	Significant observable inputs (Level 2) RMB'million	Significant unobservable inputs (Level 3) RMB'million		
Loans from joint ventures	–	–	36	36	36
Loans from an associate	–	–	5,825	5,825	5,825
Bank and other borrowings	–	–	800	800	800
Receipts under securitisation arrangements	–	–	4,213	4,213	4,213
Senior notes	5,743	–	–	5,743	6,437
	5,743	–	10,874	16,617	17,311

The Company directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where there is a material change in the fair value of an asset or a liability, the causes of the fluctuations will be reported to the directors of the Company for appropriate actions to be taken.

42. Notes to the consolidated statement of cash flow

a. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Amounts due to related companies and other payables* RMB'million Note 23 and 25	Bank and other borrowings RMB'million Note 27	Senior notes RMB'million Note 30	Receipts under securitisation arrangements RMB'million Note 31	Derivative financial instruments RMB'million	Loans from/ amounts due to non-controlling shareholders** RMB'million Note 24	Loans from joint ventures RMB'million Note 18	Loans from amounts due to associates*** RMB'million Note 17	Dividends RMB'million Note 11	Lease liabilities RMB'million	Total RMB'million
On 1 January 2025	113	19,277	6,437	4,213	3	932	66	5,971	-	100	37,112
Financing cash flows	-	(102)	(3,512)	52	-	(932)	1,418	-	(268)	(4)	(3,348)
Interest paid	-	(993)	(253)	(176)	-	-	(5)	-	-	-	(1,427)
Change in fair values	-	-	-	-	34	-	-	-	-	-	34
Foreign exchange realignment	-	41	(74)	-	-	-	-	-	-	-	(33)
Interest expenses	-	973	211	187	-	-	5	70	-	1	1,447
Final dividends for 2024	-	-	-	-	-	-	-	-	268	-	268
Interest payable	-	4	-	9	-	-	-	-	-	-	13
Leases disposal	-	-	-	-	-	-	-	-	-	(48)	(48)
Capitalisation of loans as investment	-	-	-	-	-	-	-	(306)	-	-	(306)
On 31 December 2025	113	19,200	2,809	4,285	37	-	1,484	5,735	-	49	33,712

	Amounts due to related companies and other payables* RMB'million Note 23 and 25	Bank and other borrowings RMB'million Note 27	Senior notes RMB'million Note 30	Receipts under securitisation arrangements RMB'million Note 31	Derivative financial instruments RMB'million	Loans from/ amounts due to non-controlling shareholders** RMB'million Note 24	Loans from joint ventures RMB'million Note 18	Loans from amounts due to associates*** RMB'million Note 17	Dividends RMB'million Note 11	Lease liabilities RMB'million	Total RMB'million
On 1 January 2024	113	17,676	9,898	4,359	31	-	90	6,045	-	58	38,270
Financing cash flows	-	1,952	(3,520)	(45)	50	(56)	26	-	(423)	(14)	(2,030)
Interest paid	-	(1,151)	(565)	(178)	-	-	(6)	(219)	-	-	(2,119)
Change in fair values	-	-	-	-	(78)	-	-	-	-	-	(78)
Foreign exchange realignment	-	169	121	-	-	-	-	-	-	-	290
Capital injected by non-controlling shareholders of subsidiaries	-	-	-	-	-	(2)	-	-	-	-	(2)
Capital reduction by non-controlling shareholders of subsidiaries	-	-	-	-	-	28	-	-	-	-	28
Interest expenses	-	1,134	503	185	-	-	6	145	-	4	1,977
Final dividends for 2023	-	-	-	-	-	-	-	-	423	-	423
Dividends to non-controlling shareholders of subsidiaries	-	-	-	-	-	30	-	-	-	-	30
Interest payable	-	(4)	-	(8)	-	-	-	-	-	-	(12)
Disposal of subsidiaries	-	(499)	-	-	-	-	(50)	-	-	-	(549)
Others	-	-	-	(100)	-	-	-	-	-	-	(100)
Inception of lease	-	-	-	-	-	-	-	-	-	52	52
Reclassification of loans from a non-controlling shareholders of subsidiaries	-	-	-	-	-	932	-	-	-	-	932
On 31 December 2024	113	19,277	6,437	4,213	3	932	66	5,971	-	100	37,112

* Out of the total amounts due to related companies for RMB331 million (2024: RMB339 million) as of 31 December 2025, RMB 13 million (2024: RMB 13 million) are liabilities from financing activities. Out of the total accounts payables, deposits received and accrued charges for RMB4,293 million (2024: RMB4,260 million) as of 31 December 2025, RMB100 million (2024: RMB100 million) are liabilities from financing activities.

** Out of the total loans from/amounts due to non-controlling shareholders for RMB9 million (2024: RMB943 million) as of 31 December 2025, nil (2024: RMB932 million) is liabilities from financing activities.

*** Out of the total loans from/amounts due to associates for RMB5,796 million (2024: RMB6,041 million) as of 31 December 2025, RMB5,735 million (2024: RMB5,971 million) are liabilities from financing activities.

42. Notes to the consolidated statement of cash flow – continued

b. Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB'million	2024 RMB'million
Within financing activities	(4)	(14)

43. EVENTS 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.

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 RMB'million	2024 RMB'million
Non-current assets		
Investments in subsidiaries	10,614	10,160
Amount due from subsidiaries	9,712	9,988
	20,326	20,148
Current assets		
Bank balances	4	6
	4	6
Current liabilities		
Other payable and accrued charges	(4)	(4)
Income tax payable	(33)	(33)
	(37)	(37)
Net assets	20,293	20,117
Capital and reserves		
Share capital	146	146
Reserves (note)	20,147	19,971
Total equity	20,293	20,117

Note: Details of the Company's reserves are set out below:

	Share premium RMB'million	Share award reserve RMB'million	Other reserve RMB'million	Retained profits RMB'million	Total RMB'million
On 1 January 2024	18,052	10	507	1,374	19,943
Profit and total comprehensive income for the year	–	–	–	451	451
2023 final dividend paid	–	–	–	(423)	(423)
On 31 December 2024 and 1 January 2025	18,052	10	507	1,402	19,971
Profit and total comprehensive income for the year	–	–	–	444	444
2024 final dividend paid	–	–	–	(268)	(268)
On 31 December 2025	18,052	10	507	1,578	20,147

45. Particulars of major subsidiaries

Particulars of the Company's major subsidiaries as of 31 December 2025 and 31 December 2024 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Place of operation	Principal activities
			2025	2024		
Shui On Development (Holding) Limited	Cayman Islands 27 July 2005	22 ordinary shares of USD0.01 each	100%	100%	Hong Kong	Investment holding and debt financing
Shui On Land Management Limited	Hong Kong 12 May 2004	1 ordinary share of HKD1	100%	100%	Hong Kong	Provision of management services
Shui On Xintiandi Limited	Cayman Islands 27 October 2011	1,280,312 ordinary shares of USD0.001 each	100%	100%	Hong Kong	Investment Holding
Fo Shan An Ying Property Co., Ltd. (Note d)	Chinese Mainland 8 January 2008	Registered and Paid-up capital RMB392,000,000	100%	100%	Chinese Mainland	Property investment
Fo Shan Rui Dong Property Development Co., Ltd. (Note d)	Chinese Mainland 25 April 2008	Registered and Paid-up capital RMB1,439,000,000	100%	100%	Chinese Mainland	Property development
Fo Shan Rui Fang Property Development Co., Ltd. (Note d)	Chinese Mainland 21 May 2008	Registered and paid-up capital RMB813,910,398	100%	100%	Chinese Mainland	Property development
Fo Shan Rui Kang Tian Di Property Development Co., Ltd. (Note d)	Chinese Mainland 21 May 2008	Registered and paid-up capital RMB790,000,000	100%	100%	Chinese Mainland	Property development
Fo Shan Shui On Property Development Co., Ltd. (Note d)	Chinese Mainland 8 January 2008	Registered and paid-up capital RMB534,000,000	100%	100%	Chinese Mainland	Property investment
Fo Shan Yi Kang Property Development Co., Ltd. (Note d)	Chinese Mainland 8 January 2008	Registered and paid-up capital RMB817,000,000	100%	100%	Chinese Mainland	Property development
Shanghai Bai-Xing Properties Co., Ltd. (Note c)	Chinese Mainland 2 February 1999	Registered and paid-up capital RMB146,761,000	100%	100%	Chinese Mainland	Property development and property investment
Shanghai Fu-Xiang Properties Co., Ltd. (Note b)	Chinese Mainland 19 December 2001	Registered and paid-up capital RMB315,000,000	99%	99%	Chinese Mainland	Property development and property investment
Shanghai Ji-Xing Properties Co., Ltd. (Note c)	Chinese Mainland 2 February 1999	Registered and paid-up capital RMB69,452,000	100%	100%	Chinese Mainland	Property development and property investment
Shanghai Jiu Hai Rimmer Properties Co., Ltd. (Note b)	Chinese Mainland 1 November 1994	Registered and paid-up capital USD30,000,000	80%	80%	Chinese Mainland	Property development and property investment
Shanghai Jun Xing Property Co., Ltd. (Note b)	Chinese Mainland 5 March 2009	Registered and paid-up capital RMB10,000,000	98%	98%	Chinese Mainland	Property development
Shanghai Rui Chen Property Co., Ltd. (Note c)	Chinese Mainland 6 May 1996	Registered and paid-up capital RMB70,000,000	100%	100%	Chinese Mainland	Property development and property investment
Shanghai Rui Qiao Property Development Co., Ltd. (Note c)	Chinese Mainland 28 December 2010	Registered and paid-up capital RMB3,900,000,000	100%	100%	Chinese Mainland	Property development and property investment
Shanghai Xin-Tian-Di Plaza Co., Ltd. (Note c)	Chinese Mainland 2 February 1999	Registered and paid-up capital RMB98,261,000	100%	100%	Chinese Mainland	Property development and property investment
Shanghai Xing-Qi Properties Co., Ltd. (Note c)	Chinese Mainland 2 February 1999	Registered and paid-up capital RMB266,653,000	100%	100%	Chinese Mainland	Property development and property investment
Wuhan Shuion Shangqi Real Estate Management Co., Ltd. (Note d)	Chinese Mainland 24 July 2012	Registered and paid-up capital RMB104,600,000	100%	100%	Chinese Mainland	Property investment
Wuhan Shui On Tiandi Property Development Co., Ltd. (Note c)	Chinese Mainland 2 August 2005	Registered and paid-up capital USD288,000,000	100%	100%	Chinese Mainland	Property development and property investment

45. Particulars of major subsidiaries – continued

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Place of operation	Principal activities
			2025 (note a)	2024		
上海彩興房地產開發有限公司 (Shanghai Cai Xing Properties Development Co., Ltd.*) (Note b)	Chinese Mainland 16 May 2014	Registered and paid-up capital RMB500,000,000	99%	99%	Chinese Mainland	Property development
上海豐誠物業管理有限公司 (Shanghai Feng Cheng Property Management Co., Ltd.*) (Note c)	Chinese Mainland 18 January 2004	Registered and paid-up capital RMB37,079,950	100%	100%	Chinese Mainland	Property management
瑞安管理(上海)有限公司 (Shui On Management Limited*) (Note c)	Chinese Mainland 14 June 2004	Registered and paid-up capital USD58,000,000	100%	100%	Chinese Mainland	Provision of management services
瑞安建築有限公司 (Shui On Construction Co., Ltd.) (Note b)	Chinese Mainland 27 April 1985	Registered and paid-up capital RMB113,000,000	100%	100%	Chinese Mainland	Provision of construction services
上海新灣景置業有限公司 (Shanghai Xin Wan Jing Property Co., Ltd.) (Note d)	Chinese Mainland 28 March 2008	Registered and paid up capital RMB40,000,000	100%	100%	Chinese Mainland	Property development and property investment
上海蟠龍天地有限公司 (Shanghai Panlong Tiandi Co., Ltd.*) (Note d)	Chinese Mainland 8 May 2017	Registered and paid-up capital RMB1,300,000,000	80%	80%	Chinese Mainland	Property development and property investment
瑞安新天地(上海)商業管理有限公司 (Shui On Xintiandi Commercial Management Ltd*) (Note c)	Chinese Mainland 25 February 2013	Registered and paid-up capital USD10,000,000	100%	100%	Chinese Mainland	Provision of management services
上海瑞安投資集團有限公司 (Shui On Investment Group Limited*) (Note c)	Chinese Mainland 20 October 2022	Registered capital USD170,000,000 paid-up capital USD90,619,348	100%	100%	Chinese Mainland	Investment holding and financing
上海瑞新里企業管理有限公司 (Shanghai Rui Xin Li Enterprise Management Ltd*) (Note d)	Chinese Mainland 14 April 2025	Registered capital RMB10,000,000 Paid-up capital RMB3,002,000	100%	100%	Chinese Mainland	Provision of management services
上海召樓天地有限公司 (Shanghai Zhaolou Tiandi Co., Ltd.*) (Note d)	Chinese Mainland 18 Nov 2022	Registered capital RMB2,700,000,000 Paid-up capital RMB472,568,000	60%	90%	Chinese Mainland	Property development and property investment

Notes:

- a. The Company directly holds the equity interest in Shui On Development (Holding) Limited and other equity interests in subsidiaries are indirectly held by the Company.
b. This company is a sino-foreign equity joint venture.
c. This company is a wholly-foreign-owned enterprise.
d. This company is a wholly-domestic owned enterprise.
* For identification purposes

The table below shows details of non-wholly-owned subsidiaries of the Company that have material non-controlling interests:

	Proportion of equity interest held by non-controlling shareholders 31 December		Profit allocated to non-controlling shareholders Year ended 31 December		Accumulated non-controlling interests 31 December	
	2025	2024	2025	2024	2025	2024
			RMB million	RMB million	RMB million	RMB million
Individually immaterial subsidiaries with non-controlling interests	N/A	N/A	49	630	1,753	4,184

FINANCIAL SUMMARY

Summary of Consolidated Statement of Profit or Loss

for the year ended 31 December

	2021	2022	2023	2024	2025
	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million
Revenue	17,555	15,565	9,752	8,173	4,093
Profit/(loss) attributable to shareholders	1,636	906	810	180	(1,782)
Owners of perpetual capital securities	234	116	–	–	–
Non-controlling shareholders of subsidiaries	338	453	587	630	49
Profit/(loss) for the year	2,208	1,475	1,397	810	(1,733)

Summary of Consolidated Statement of Financial Position

as of 31 December

	2021	2022	2023	2024	2025
	RMB' million	RMB' million	RMB' million	RMB' million	RMB' million
Investment properties	51,311	51,665	49,604	40,964	40,160
Property and equipment	1,193	1,197	970	829	780
Properties under development for sale	6,699	4,541	1,957	2,694	3,227
Properties held for sale	7,217	1,759	1,069	817	470
Interests in associates	8,038	8,010	8,932	8,641	11,888
Interests in joint ventures	15,472	13,154	13,696	14,806	12,282
Receivables, deposits, and prepayments	2,178	1,901	3,481	976	827
Other assets	4,504	9,283	12,372	14,477	6,492
Pledged bank deposits, bank balances and cash	17,284	13,368	8,917	7,734	6,451
Total assets	113,896	104,878	100,998	91,938	82,577
Current liabilities	34,149	27,524	25,641	17,713	14,494
Non-current liabilities	30,569	32,953	31,208	31,556	29,853
Total liabilities	64,718	60,477	56,849	49,269	44,347
Net assets	49,178	44,401	44,149	42,669	38,230
Equity attributable to:					
Shareholders of the Company	39,936	39,150	38,863	38,485	36,477
Owners of perpetual capital securities	4,049	–	–	–	–
Non-controlling interests	5,193	5,251	5,286	4,184	1,753
Total equity	49,178	44,401	44,149	42,669	38,230

Per share data

for the year ended 31 December

	2021	2022	2023	2024	2025
Basic earnings/(loss) per share (RMB)	0.203	0.113	0.101	0.022	(0.222)
Dividend per share					
– Interim paid (HKD)	0.036	0.036	0.032	–	–
– Final proposed (HKD)	0.084	0.064	0.058	0.036	–
– Full year (HKD)	0.120	0.100	0.090	0.036	–
Bonus shares	–	–	–	–	–

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Vincent H. S. LO (Chairman)
Ms. Stephanie B. Y. LO (Vice Chairman)
Ms. Jessica Y. WANG (Chief Executive Officer)
Mr. Douglas H. H. SUNG
(Chief Financial Officer and Chief Investment Officer)

Independent Non-executive Directors

Mr. Anthony J. L. NIGHTINGALE
Mr. Shane TEDJARATI
Ms. Ya Ting WU
Mr. Albert K. P. NG
Ms. Randy W. S. LAI
Mr. Clement K. M. KWOK

AUDIT AND RISK COMMITTEE

Mr. Albert K. P. NG (Chairman)
Mr. Clement K. M. KWOK
Ms. Randy W. S. LAI

REMUNERATION COMMITTEE

Mr. Anthony J. L. NIGHTINGALE (Chairman)
Mr. Vincent H. S. LO
Mr. Clement K. M. KWOK

NOMINATION COMMITTEE

Mr. Shane TEDJARATI (Chairman)
Ms. Randy W. S. LAI
Ms. Stephanie B. Y. LO

SUSTAINABILITY COMMITTEE

Ms. Ya Ting WU (Chairman)
Ms. Randy W. S. LAI
Ms. Stephanie B. Y. LO
Ms. Jessica Y. WANG

STRATEGY COMMITTEE

Mr. Vincent H. S. LO (Co-chair)
Mr. Shane TEDJARATI (Co-chair)
Mr. Anthony J. L. NIGHTINGALE
Mr. Albert K. P. NG
Mr. Clement K. M. KWOK
Ms. Stephanie B. Y. LO
Mr. Douglas H. H. SUNG

COMPANY SECRETARY

Mr. UY Kim Lun

AUDITOR

Ernst & Young
Registered Public Interest Entity Auditor

LEGAL ADVISERS

Freshfields
Johnson Stokes & Master

REGISTERED OFFICE

One Nexus Way
Camana Bay
Grand Cayman, KY1-9005
Cayman Islands

CORPORATE HEADQUARTERS

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333 Huai Hai Zhong Road
Shanghai 200021
PRC
(Hong Kong) 34/F, Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

PLACE OF BUSINESS IN HONG KONG

34/F, Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL BANKERS

Bank of Communications Co., Limited
Bank of China Limited
China Merchants Bank Co., Limited
Industrial and Commercial Bank of
China Limited
Shanghai Pudong Development Bank
Co., Limited
United Overseas Bank Limited

STOCK CODE

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INVESTOR RELATIONS

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