

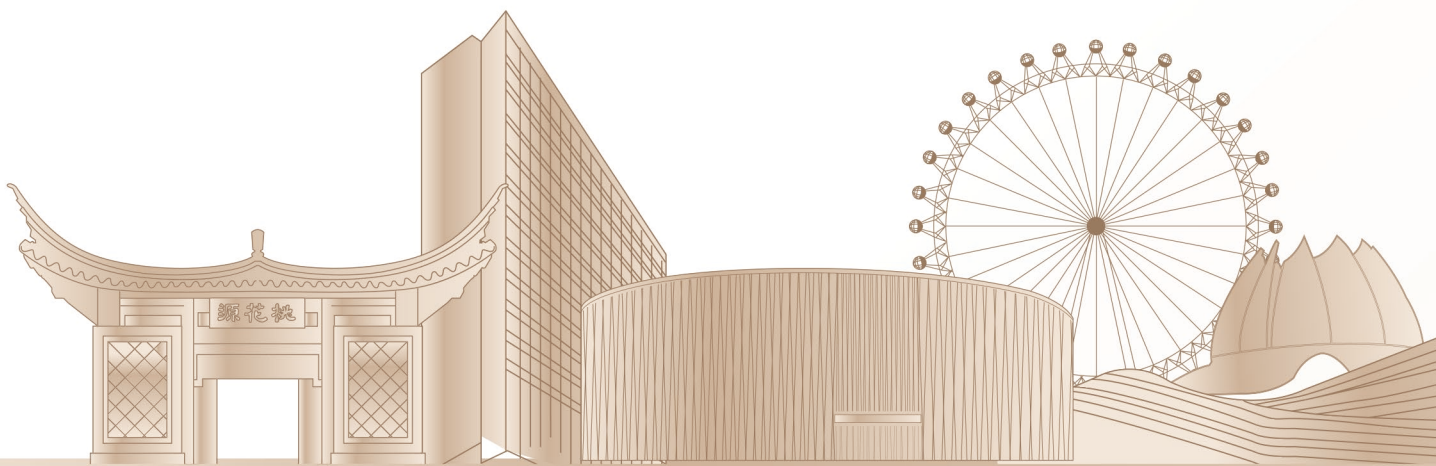
SUNAC 融創中國

2025年度報告

ANNUAL REPORT

融創中國控股有限公司
SUNAC CHINA HOLDINGS LIMITED

SUNAC



Sunac China Holdings Limited (the “Company” and, together with its subsidiaries, the “Group”) is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) from 2010. With the brand philosophy of “passion for perfection”, the Group is committed to providing wonderful living environment and services for Chinese families through high-quality products and services and integration of high-quality resources. With a focus on its core business of real estate, the Group implements its strategic layout in real estate development, property management, ice & snow operation management, cultural and tourism and other business segments. After more than 20 years of development, the Group has become one of the most influential high-quality property development enterprise and property service enterprise in China’s real estate industry, a leading ice & snow industry operator and a leading cultural and tourism industry operator and property owner in China.

融創中國控股有限公司(「本公司」，連同其附屬公司統稱為「本集團」)是一家於開曼群島註冊成立的有限公司，其股份於2010年在香港聯合交易所有限公司(「聯交所」)主板上市。本集團以「至臻·致遠」為品牌理念，致力於通過高品質的產品與服務，整合優質資源，為中國家庭提供美好生活場景與服務。本集團以地產為核心主業，佈局房地產開發、物業管理、冰雪運營管理、文旅等業務板塊。經過20多年發展，本集團已是中國房地產行業最具影響力的高品質物業開發企業和物業服務企業之一，並成為中國領先的冰雪產業運營服務商、文旅產業運營商和物業持有者。



Relying on its high-quality land bank with an advantageous layout and leading product development capabilities, the Group's real estate development business is mainly located in the Yangtze River Delta, Bohai Rim, South China, Central region and Western region, and is divided into 10 regions or companies for management, namely the Beijing region (including Beijing, Jinan and Qingdao, etc.), North China region (including Tianjin, Harbin and Dalian, etc.), Shanghai region (including Shanghai, Nanjing and Suzhou, etc.), Southeastern China region (including Hangzhou, Fuzhou and Hefei, etc.), Central China region (including Wuhan, Changsha and Nanchang, etc.), South China region (including Guangzhou and Sanya, etc.), Northwestern China region (including Xi'an and Taiyuan, etc.), Cheng Yu region (including Chongqing and Chengdu, etc.), Yun Gui region (including Kunming, Guiyang and Xishuangbanna, etc.) and Henan Companies (including Zhengzhou and Luoyang, etc.).

本集團依託優勢佈局的高質量土地儲備以及領先的產品能力，房地產開發業務主要佈局於長三角、環渤海、華南、中部和西部地區，並劃分為十個區域或公司進行管理，即北京區域(含北京、濟南及青島等城市)、華北區域(含天津、哈爾濱及大連等城市)、上海區域(含上海、南京及蘇州等城市)、東南區域(含杭州、福州及合肥等城市)、華中區域(含武漢、長沙及南昌等城市)、華南區域(含廣州及三亞等城市)、西北區域(含西安及太原等城市)、成渝區域(含重慶及成都等城市)、雲貴區域(含昆明、貴陽及西雙版納等城市)及河南公司(含鄭州及洛陽等城市)。

**SUNAC
CHINA
HOLDINGS
LIMITED**

目
CONTENTS
錄

2 / Corporate Information	52 / Report of the Directors
4 / Financial Summary	87 / Independent Auditor's Report
5 / Chairman's Statement	90 / Consolidated Balance Sheet
8 / Management Discussion and Analysis	92 / Consolidated Statement of Comprehensive Income
18 / Business Highlights	93 / Consolidated Statement of Changes in Equity
27 / Biographies of Directors and Senior Management	95 / Consolidated Statement of Cash Flows
32 / Corporate Governance Report	97 / Notes to the Consolidated Financial Statements
51 / Investor Relations Report	

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Sun Hongbin (*Chairman*)
Mr. Wang Mengde (*Chief Executive Officer*)
Ms. Ma Zhixia
Mr. Tian Qiang (*resigned on 31 December 2025*)
Mr. Huang Shuping
Mr. Sun Kevin Zheyi

NON-EXECUTIVE DIRECTOR

Mr. Lam Wai Hon (*resigned on 20 November 2025*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Poon Chiu Kwok
Mr. Zhu Jia
Mr. Ma Lishan
Mr. Yuan Zhigang

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mr. Gao Xi

AUTHORIZED REPRESENTATIVES

Mr. Wang Mengde
Mr. Gao Xi

AUDIT COMMITTEE

Mr. Poon Chiu Kwok (*Chairman*)
Mr. Zhu Jia
Mr. Ma Lishan
Mr. Yuan Zhigang

NOMINATION COMMITTEE

Mr. Sun Hongbin (*Chairman*)
Ms. Ma Zhixia
Mr. Poon Chiu Kwok
Mr. Ma Lishan
Mr. Yuan Zhigang

REMUNERATION COMMITTEE

Mr. Zhu Jia (*Chairman*)
Mr. Sun Hongbin
Mr. Poon Chiu Kwok
Mr. Ma Lishan
Mr. Yuan Zhigang

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Wang Mengde (*Chairman*)
Mr. Poon Chiu Kwok
Mr. Zhu Jia
Mr. Ma Lishan
Mr. Yuan Zhigang

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two
Times Square, 1 Matheson Street
Causeway Bay, Hong Kong

HEADQUARTERS AND PRINCIPAL PLACES OF BUSINESS IN THE PRC

BEIJING OFFICE

26/F, Block B
Rongke Wangjing Center, Chaoyang District
Beijing, PRC

TIANJIN OFFICE

Building 1, East Side in Sunac Center,
No. 278, Hongqi Road, Nankai District
Tianjin, PRC

REGISTERED OFFICE IN THE CAYMAN ISLANDS

One Nexus Way Camana Bay
Grand Cayman, KY1-9005
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court Camana Bay
Grand Cayman, KY1-1100 Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISER

As to Hong Kong law:
Sidley Austin

AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
Bank of China
China Construction Bank
Bank of Communications
China CITIC Bank
China Minsheng Bank
SPD Bank
China Merchants Bank
China Zheshang Bank
Industrial Bank Co., Ltd.
China Everbright Bank
China Bohai Bank

STOCK CODE

HKEx: 01918

COMPANY'S WEBSITE

www.sunac.com.cn

FINANCIAL SUMMARY

CONSOLIDATED RESULTS

RMB billion

	2025	2024	2023	2022	2021
Revenue	45.12	74.02	154.23	96.75	198.39
Gross profit/(loss)	(0.64)	2.89	(2.50)	(0.82)	(1.79)
Loss for the year	13.71	27.40	10.41	29.89	42.00
Loss attributable to owners of the Company	12.33	25.70	7.97	27.67	38.26
Basic loss per share attributable to owners of the Company (RMB)	1.14	3.00	1.43	5.16	8.27
Dividend per share (RMB)	–	–	–	–	–
Dividends	–	–	–	–	–

CONSOLIDATED FINANCIAL POSITION

RMB billion

	End of 2025	End of 2024	End of 2023	End of 2022	End of 2021
Total assets	794.68	882.88	977.85	1,090.17	1,176.55
Total current assets	624.59	689.47	758.50	839.21	913.32
Cash balances	12.01	19.75	24.62	37.54	69.20
Total liabilities	747.84	827.73	894.06	1,003.77	1,051.88
Total current liabilities	699.05	742.99	779.25	935.28	937.91
Borrowing balance	188.26	259.67	277.83	298.42	321.71
Total equity	46.84	55.15	83.79	86.40	124.67
Equity attributable to owners of the Company	34.17	40.52	62.43	58.47	82.47
Gearing ratio	79.1%	81.3%	75.2%	75.2%	67.0%
Net debt ratio	376.3%	435.0%	302.2%	301.9%	202.5%
Return on equity	-33.0%	-49.9%	-13.2%	-39.3%	-36.8%
Current ratio	0.89	0.93	0.97	0.90	0.97

Notes:

- Gearing ratio = net debt / (total equity + net debt), while net debt = total borrowings + lease liabilities – cash balance.
- Net debt ratio = (total borrowings – cash balance) / total equity.
- Return on equity is calculated as the profit/(loss) attributable to owners of the Company divided by the Shareholders' average equity. The Shareholders' average equity is calculated as the simple average of the sum of the equity attributable to owners of the Company at the beginning of the year and the equity attributable to owners of the Company at the end of the year.
- Current ratio = total current assets / total current liabilities.

CHAIRMAN'S STATEMENT

Dear Shareholders and Investors,

In 2025, the government's overarching policy for the real estate industry was "sustained efforts to halt the downturn and restore stability in the real estate market", and a number of supporting policies were introduced successively. The Group continued to make every effort, with the support of policies and various parties, to advance various tasks such as guaranteed home delivery, debt risk resolution and asset revitalization, and continued to achieve significant progress.

The Group actively responded to the government's requirements for guaranteed home delivery, always made guaranteed home delivery as its primary operational objective and implemented its primary responsibilities. Through the Group's all-out efforts, support from various parties and the backing of policies, in 2025, the Group and its joint ventures and associates completed the delivery of approximately 54,000 houses, and cumulatively delivered over 722,000 houses in the past four years, substantially completing its guaranteed home delivery tasks.

In 2025, the Group made significant progress in resolving its debt risks. The Company completed the holistic offshore debt restructuring on 23 December 2025, and completed the implementation of all options under the onshore bond restructuring plan by the end of December, completely resolving the Company's debt risks and the Group's onshore public market bond risk, achieving a sustainable capital structure and further reinforcing the confidence in the Group among various parties through the shareholding structure stability arrangement and the employee stock ownership plan. This will establish a solid foundation to better advance various tasks in the future, including resolving debt risks and revitalizing assets related to onshore property projects.

The Group also continued to actively promote the revitalization of property projects and the resolution of project-level debt issues. The Group maintained close communication with financial institutions to advance extension plans, while also proactively advanced cooperations with asset management companies, other financial institutions and partners to promote the development of a more complete and comprehensive project revitalization and debt restructuring plan, achieving substantial progress in these efforts. In 2025, the Group revitalized 12 property projects, which is expected to generate approximately RMB11.2 billion in funds to address existing project debt issues and initiate project development and construction. To date, funds in a cumulative amount of approximately RMB8.58 billion have been received. Among these projects, Beijing One Sunac Opus Project* (北京融創壹號院), Wuhan Guanggu One Sino Park* (武漢光穀壹號院) and Tianjin Meijiang One Sino Park Phase II* (天津梅江壹號院二期) have commenced construction smoothly and achieved sales. In 2026, with the basic completion of guaranteed home delivery tasks and the conclusion of public market debt risk resolution, the Group's top priority will be to revitalize projects and resolve project-level debt issues by securing funding. The Group will continuously intensify its collaboration with asset management companies and other institutions that can provide incremental funds, dedicating efforts to accelerate the resolution of project debt risks and the revitalization of high-quality projects.

In 2025, the Group's loss significantly narrowed due to the completion of the offshore debt restructuring, and the scale of interest-bearing liabilities notably decreased. In 2025, continuously affected by market conditions, revenue of the Group was approximately RMB45.12 billion, representing a decline of approximately 39.0% as compared with that last year, while the gross loss was approximately RMB0.64 billion, representing a decrease of approximately 122.1% as compared with the gross profit of approximately RMB2.89 billion last year. The loss attributable to owners of the Company was approximately RMB12.33 billion, representing a significant narrowing of 52.0% as compared with the loss attributable to owners of the Company of approximately RMB25.70 billion last year, primarily due to the gain recorded from offshore debt restructuring during the year. As at the end of 2025, the Group's remaining interest-bearing liabilities were approximately RMB188.26 billion, representing a significant decrease of RMB71.41 billion as compared with the remaining interest-bearing liabilities as at the end of last year; the Group's total equity was approximately RMB46.84 billion, of which the equity attributable to owners of the Company was approximately RMB34.17 billion, indicating that the asset base was stable.

CHAIRMAN'S STATEMENT

As at the end of 2025, the Group and its joint ventures and associates had a total land bank of approximately 107.772 million sq.m. (attributable land bank was approximately 76.513 million sq.m.), of which the unsold land bank was approximately 86.78 million sq.m. (unsold attributable land bank was approximately 60.50 million sq.m.). Looking ahead, as the real estate market stabilizes, adequate land bank will provide an important foundation for the Group to continuously resolve property project debt and support the gradual recovery of overall operations in the property sector.

In 2025, the Group's property management sector, Sunac Services Holdings Limited ("Sunac Services", stock code: 01516.HK), continued to face pressures and challenges in its overall operations. Through continuous and proactive adjustments and the improvement in management quality and efficiency, Sunac Services maintained stable operations despite the pressure arising from a decline in the average collection rate of property management fees, achieving a revenue of approximately RMB6.82 billion, and the profit attributable to the owners of Sunac Services reached approximately RMB0.20 billion, achieving a turnaround from loss to profit. In 2025, Sunac Services continued to make positive progress in expanding into mid-to-high-end residential properties in core cities and among large commercial and enterprise clients. At the end of 2025, Sunac Services had a gross floor area under management of approximately 0.26 billion sq.m..

In 2025, the Group's cultural and tourism sector (theme park, commercial, hotel and ice and snow) achieved a revenue of approximately RMB4.73 billion, operating relatively steadily but facing overall pressure. Currently, the cultural and tourism industry is undergoing profound adjustments, with the market competition landscape becoming increasingly differentiated, presenting numerous challenges to the Company's operations. To adapt to market changes, the theme park business focuses on outdoor parks and the performance track, enhancing immersive experiences through an integrated model of "performance + commerce + scene + technology", while continuing to refine benchmark integrated cultural and tourism products to achieve stable operation. The commercial business operates based on the fundamental logic of cultural and tourism commerce, introducing cultural and tourism brand formats and innovating marketing activities to precisely activate market vitality. Throughout the year, operating indicators steadily improved, achieving an increase in both visitor traffic and sales volume. In the future, we will further expand the development of cultural and tourism-oriented commercial projects and continue to build a competitive moat in cultural and tourism commercial leasing and operation capabilities. The ice and snow business continuously solidifies its industry-leadership influence, with the successful opening of two new ski resorts in Zhengding and Shenzhen, bringing the number of ski resorts under operation to 11; new projects in Wenzhou, Hangzhou and others have been signed, continuously expanding its footprints in the industry. Going forward, the cultural and tourism sector will adhere to a strategy of proactive adjustment and active optimization, comprehensively integrating internal and external resources to seek new breakthroughs and growth points.

Looking forward, the central government has clearly included “promoting high-quality real estate development” in the 15th Five-Year Plan, proposing to accelerate the establishment of a new model for real estate development, improve the housing system with multiple suppliers, multiple channels of security, and a combination of rental and purchase, and achieve a higher level of adequate housing. The Group expects that the government will, on one hand, continue to increase policy support to further stabilize the housing market, and promote high-quality industry development, and on the other hand, will focus on progressively improving long-term mechanisms and accelerating the implementation of the new real estate development model. The Group will remain steadfast in its long-term confidence and will, in the future, make all-out efforts to advance various tasks including resolving debt risks and revitalizing assets related to onshore property projects, supporting the gradual recovery of the long-term creditworthiness and operations of the Group’s property development sector. Concurrently, the Group will respond to policy directives and, based on its own foundation and years of accumulated experience, actively explore the transformation and upgrading of its property development business. The Group will continue to strive to enhance the competitiveness of its light-asset management businesses such as property services, commercial management, ice and snow, and cultural and tourism. At the same time, it will closely monitor the development of policies related to REITs, and in alignment with the development of the Group’s light-asset management businesses and the need to resolve debt issues related to self-owned property assets, actively explore the feasibility of establishing REITs platforms to better support the business development and the unlocking of the asset value.

Sunac China Holdings Limited
Sun Hongbin
Chairman of the Board

27 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

1 REVENUE

For the year ended 31 December 2025, most of the Group's revenue came from sales of residential and commercial properties business, and the other revenue came from cultural and tourism city construction and operation, property management and other businesses.

As at 31 December 2025, the Group's real estate property development business is mainly located in core cities in the Yangtze River Delta, Bohai Rim, South China, Central region and Western region, which are divided into 10 regional groups or companies for management, namely the Beijing region (including Beijing, Qingdao and Jinan, etc.), North China region (including Tianjin, Harbin and Dalian, etc.), Shanghai region (including Shanghai, Nanjing and Suzhou, etc.), Southeastern China region (including Hangzhou, Fuzhou and Hefei, etc.), Central China region (including Wuhan, Changsha and Nanchang, etc.), South China region (including Guangzhou and Sanya, etc.), Northwestern China region (including Xi'an and Taiyuan, etc.), Chengdu-Chongqing region (including Chongqing and Chengdu, etc.), Yun Gui region (including Kunming, Guiyang and Xishuangbanna, etc.) and Henan companies (including Zhengzhou and Luoyang, etc.).

Total revenue of the Group for the year ended 31 December 2025 amounted to approximately RMB45.12 billion, representing a decrease of approximately RMB28.90 billion (approximately 39.0%) compared with the total revenue of approximately RMB74.02 billion for the year ended 31 December 2024. For the year ended 31 December 2025, the total revenue of the Group and its joint ventures and associates was approximately RMB85.75 billion, representing a decrease of approximately RMB91.31 billion (approximately 51.6%) as compared to approximately RMB177.06 billion for the year ended 31 December 2024, of which approximately RMB53.21 billion was attributable to owners of the Company, representing a decrease of approximately RMB50.15 billion (approximately 48.5%) as compared to approximately RMB103.36 billion for the year ended 31 December 2024.

The revenue breakdown by business segment is as follows:

	For the year ended 31 December			
	2025		2024	
	RMB billion	%	RMB billion	%
Revenue from sales of properties	33.05	73.3	61.23	82.8
Property management income	6.69	14.8	6.88	9.3
Cultural and tourism city construction and operation income	4.73	10.5	5.21	7.0
Revenue from other business	0.65	1.4	0.70	0.9
Total	45.12	100.0	74.02	100.0
Total gross floor area delivered during the year (in million sq.m.)	3.554		4.624	

The decrease in revenue for the year was mainly due to the decline in revenue from sales of properties. For the year ended 31 December 2025, revenue from sales of properties amounted to approximately RMB33.05 billion, accounting for approximately 73.3% of the total revenue. The revenue from sales of properties for the year decreased by approximately RMB28.18 billion (approximately 46.0%) as compared with that for the year ended 31 December 2024, mainly due to the decrease in the delivery area and the average selling price of the properties. In recent years, the real estate industry has witnessed a continuous downturn, with the sales market experiencing a significant overall contraction. The debt issues emerging in several real estate companies have led to the lack of confidence of homebuyers for property under construction, further intensifying the difficulties in new houses sales. The liquidity pressure from the contraction in new sales scale and the narrowing of external financing channels has temporarily restricted the delivery progress of sold property projects and the development and promotion and selling progress of new projects. In 2025, the delivery area of properties decreased by approximately 1.07 million sq.m. (approximately 23.1%) as compared with last year, and the average selling price of projects for which revenue was carried forward during the year declined by approximately 29.8% as compared with last year, collectively resulting in a significant decrease in the sales revenue of the Group for the year as compared to last year.

Amid multiple challenges from the external market and internal issues in recent years, the Group has proactively adopted various response initiatives, continuously prioritizing completion and delivery of property projects, proactively executing relevant debt risk resolution and asset revitalization efforts, optimizing the management and control system and reducing the administrative expenses. Meanwhile, the Group concentrated on policy dynamics to strengthen product competitiveness aligned with current sales market, ensuring stable operations and long-term sustainability of the Group.

2 COST OF SALES

Cost of sales mainly includes the costs incurred directly in the course of property development for the Group's properties sold, cost of cultural and tourism operations and cost of property management operations.

For the year ended 31 December 2025, the Group's cost of sales was approximately RMB45.75 billion, representing a decrease of approximately RMB25.38 billion (approximately 35.7%) as compared to the cost of sales of approximately RMB71.13 billion for the year ended 31 December 2024. The decrease in cost of sales was mainly due to the decrease in the delivery area of the properties.

3 GROSS (LOSS)/PROFIT

For the year ended 31 December 2025, the Group's gross loss was approximately RMB0.64 billion, representing a decrease of approximately RMB3.53 billion as compared with the gross profit of approximately RMB2.89 billion for the year ended 31 December 2024. For the year ended 31 December 2025, the Group's gross profit margin was approximately minus 1.4%, representing a decrease as compared with the gross profit margin of approximately 3.9% for the year ended 31 December 2024. The decrease in gross profit and gross profit margin was mainly due to the decline in revenue from sales of properties of the Group for the year, the lower proportion of high margin projects carried forward from the property sales revenue as compared to last year, and the increase in the provision for impairment of properties made by the Group during the year as compared with last year.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2025, the adjustments of revaluation surplus related to the Group's gains from business combination in previous years for the properties acquired led to the reduction of the gross profit for the year in the amount of approximately RMB1.52 billion. The Group's gross profit would have been approximately RMB2.41 billion and gross profit margin would have been approximately 5.3% for the year ended 31 December 2025 without taking into account the impact of such revaluation surplus adjustments and provision for impairment of properties on gross profit.

4 SELLING AND MARKETING COSTS AND ADMINISTRATIVE EXPENSES

For the year ended 31 December 2025, the Group's selling and marketing costs was approximately RMB2.15 billion, which remained largely consistent with last year.

The Group's administrative expenses decreased by approximately RMB0.02 billion from approximately RMB3.65 billion for the year ended 31 December 2024 to approximately RMB3.63 billion for the year ended 31 December 2025.

5 OTHER INCOME AND GAINS

For the year ended 31 December 2025, other income and gains recognised by the Group amounted to approximately RMB35.57 billion, which mainly comprised gains from offshore debt restructuring and onshore debt restructuring totalling approximately RMB32.97 billion, gains from the disposal of subsidiaries, joint ventures and associates of approximately RMB0.65 billion, and interest income received from joint ventures and associates, etc. of approximately RMB0.29 billion.

The other income and gains recognised by the Group for the year represented an increase of approximately RMB19.14 billion as compared with last year, mainly due to an increase of approximately RMB23.08 billion in gains from debt restructuring as compared with last year resulting from the completion of the offshore debt restructuring during the year, and a decrease of approximately RMB3.52 billion in gains from the disposal of subsidiaries, joint ventures and associates during the year as compared with last year.

6 OTHER EXPENSES AND LOSSES

For the year ended 31 December 2025, other expenses and losses recognised by the Group amounted to approximately RMB27.12 billion, mainly including the losses of approximately RMB8.92 billion from the disposal of subsidiaries, joint ventures and associates, the provision for impairment of long-term assets of approximately RMB7.51 billion, the provision for litigations and other contingent liabilities of approximately RMB3.98 billion, net fair value losses on investment properties of approximately RMB3.87 billion, losses from disposal of various assets of approximately RMB1.14 billion, net fair value losses on financial assets at fair value through profit or loss ("FVPL") of approximately RMB0.66 billion, and losses on project demolition of approximately RMB0.51 billion.

The other expenses and losses recognised by the Group for the year represented an increase of approximately RMB5.99 billion as compared with last year, mainly due to the increase in the provision for impairment of long-term assets and losses from the disposal of subsidiaries, joint ventures and associates recognised during the year as compared with last year.

7 NET IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

For the year ended 31 December 2025, the Group made provisions for expected credit losses of approximately RMB2.78 billion on amounts due from related companies, amounts due from non-controlling interests and their related parties and other receivables, representing a decrease of approximately RMB0.55 billion as compared to approximately RMB3.33 billion for the year ended 31 December 2024.

8 OPERATING LOSS

Concluding from the above analysis, the Group's operating loss for the year ended 31 December 2025 amounted to approximately RMB0.74 billion, representing a decrease of approximately RMB10.20 billion as compared to the operating loss of approximately RMB10.94 billion for the year ended 31 December 2024, mainly due to the combined effect of the following reasons:

- (i) gross profit decreased by approximately RMB3.53 billion;
- (ii) net impairment losses under expected credit loss model decreased by approximately RMB0.55 billion; and
- (iii) other income and gains increased by approximately RMB19.14 billion and other expenses and losses increased by approximately RMB5.99 billion.

9 FINANCE INCOME AND EXPENSES

For the year ended 31 December 2025, the Group's finance expenses was approximately RMB12.00 billion, representing an increase of approximately RMB0.17 billion as compared to approximately RMB11.83 billion for the year ended 31 December 2024. The Group's finance income decreased by approximately RMB0.06 billion from approximately RMB0.15 billion for the year ended 31 December 2024 to approximately RMB0.09 billion for the year ended 31 December 2025. The increase in finance expenses was mainly due to the following reasons: (i) a decrease in proportion of capitalised interests in total interest expenses in line with the develop process of the Group's property development projects as compared to that of the year ended 31 December 2024, which led to an increase of approximately RMB1.49 billion in expensed interest from approximately RMB11.31 billion for the year ended 31 December 2024 to approximately RMB12.80 billion for the year ended 31 December 2025; and (ii) the change of the Group's exchange gain or loss from a net exchange loss of approximately RMB0.53 billion for the year ended 31 December 2024 to a net exchange gain of approximately RMB0.80 billion for the year ended 31 December 2025 due to the change in trend of foreign exchange rate fluctuations, resulting in a reduction of approximately RMB1.33 billion in finance expenses.

10 SHARE OF POST-TAX LOSSES OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

For the year ended 31 December 2025, the Group's recognised share of post-tax losses of investments accounted for using the equity method, net amounted to approximately RMB1.04 billion, representing a decrease of approximately RMB0.59 billion as compared to approximately RMB1.63 billion recognised for the year ended 31 December 2024, mainly due to the decrease in operating loss of the Group's joint ventures and associates for the year.

MANAGEMENT DISCUSSION AND ANALYSIS

11 LOSS

Loss of the Group attributable to owners of the Company decreased by approximately RMB13.37 billion from approximately RMB25.70 billion for the year ended 31 December 2024 to loss of approximately RMB12.33 billion for the year ended 31 December 2025.

The table below sets out loss attributable to owners of the Company and non-controlling interests for the stated years:

	For the year ended 31 December	
	2025 RMB billion	2024 RMB billion
Loss during the year	13.71	27.40
Attributable to:		
Owners of the Company	12.33	25.70
Non-controlling interests	1.38	1.70
	13.71	27.40

12 CASH STATUS

The Group operates in a capital-intensive industry and the Group's liquidity requirements relate to meeting its working capital requirements, funding the development of its new property projects and servicing its debt. The funding sources of the Group mainly include proceeds from the pre-sale and sale of properties, and to a lesser extent, capital contributions from shareholders, share issuances and loans.

The Group's total cash (including cash and cash equivalents and restricted cash) decreased to approximately RMB12.01 billion as at 31 December 2025 from approximately RMB19.75 billion as at 31 December 2024, of which non-restricted cash decreased to approximately RMB5.68 billion as at 31 December 2025 from approximately RMB7.73 billion as at 31 December 2024.

Currently, the Group remains focused on the completion and delivery of its property projects and the improvement of sales performance, while actively carrying out risk resolution work to ensure business stability and sustainable operations of the Group. In 2025, the Group continued to apply to local governments for special loans for guaranteed home delivery to support projects facing delivery challenges. Simultaneously, it has actively pursued ancillary bank financing and "whitelist project" financing to secure the necessary capital for project development and construction. As of the date of this report, the Group and its joint ventures and associates have obtained special loans for guaranteed home delivery approved by local governments with an aggregate amount of approximately RMB23.02 billion, obtained ancillary bank financing approvals with an aggregate amount of approximately RMB11.27 billion, and received "whitelist project" financing approvals with an amount of approximately RMB4.78 billion. Additionally, the Group secured new funding of approximately RMB6.41 billion through the implementation of collaborative development projects with asset management companies in 2025. Moving forward, the Group will continue to secure operational funding through property sales proceeds, and applications for special loans for guaranteed home delivery, ancillary bank financing, "whitelist project" financing and collaborations with financial institutions.

13 BORROWINGS AND SECURITIES

As at 31 December 2025, the total borrowings of the Group were approximately RMB188.26 billion, representing a decrease of approximately RMB71.41 billion as compared to approximately RMB259.67 billion as at 31 December 2024. Approximately RMB184.25 billion (as at 31 December 2024: approximately RMB256.32 billion) of the Group's total borrowings were secured or jointly secured by the Group's properties under development, completed properties held for sale, etc. (total amount was approximately RMB302.78 billion (as at 31 December 2024: approximately RMB373.85 billion)), the equity interests of certain subsidiaries of the Group and the right for disposal gains of certain assets of the Group.

The Group will continue to secure additional financing through methods such as applications for special loans for guaranteed home delivery, ancillary bank financing, "whitelist project" financing and collaborations with financial institutions.

14 GEARING RATIO

The gearing ratio is calculated by dividing the net debt by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) and lease liabilities less cash balances (including restricted cash). Total capital is calculated by adding total equity and net debt. As at 31 December 2025, the Group's gearing ratio was approximately 79.1%, representing a decrease as compared to approximately 81.3% as at 31 December 2024.

The Group's gearing ratio experienced fluctuations, mainly due to the decrease in the Group's total interest-bearing liabilities following the completion of the debt restructuring.

15 FINANCIAL GUARANTEES AND LITIGATION

(a) Financial guarantees

The Group provides guarantees to banks for the mortgage loans of certain property purchasers to ensure that the purchasers perform their obligations of mortgage loan repayment. The amount of such guarantees was approximately RMB48.50 billion as at 31 December 2025 as compared with approximately RMB61.08 billion as at 31 December 2024. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchasers which will generally occur within an average period of six months after the properties' delivery dates; or (ii) the satisfaction of mortgage loans by the purchasers of the properties. The period of guarantee provided by the Group starts from the date when the mortgage is granted.

(b) Litigation

Up to the date of approval of these consolidated financial statements, various parties have filed litigation against the Group for the settlement of unpaid borrowings, outstanding construction and daily operation payables, delayed delivery of projects and other matters. Among them, there were about 511 cases with individual amounts exceeding RMB50 million, and the aggregated amounts of these cases amounted to approximately RMB175.18 billion, which mainly includes unpaid borrowings and outstanding construction payables. The Group has assessed the impact of the above litigation matters and accrued provision for litigations and interest payables on the consolidated financial statements for the year ended 31 December 2025. The Group is also actively communicating with relevant creditors and seeking various ways to resolve these litigations.

MANAGEMENT DISCUSSION AND ANALYSIS

16 PRINCIPAL RISKS AND UNCERTAINTIES

The Group faces certain risks in its business development and operational management. The principal risks and uncertainties are set out below.

(1) Real Estate Market Risk and Operational Risk

The Group's real estate development business is primarily concentrated in the Mainland China market, and market conditions have a significant impact on the Group's business development. Currently, the real estate industry is still in a phase of profound adjustment, with the supply-demand dynamics in the market continuing to restructure, divergences between cities of different tiers intensifying inventory levels remaining high in certain regions and the sales cycle being prolonged. Concurrently, the overall financing environment has tightened, and market risk appetite remains cautious, posing certain constraints on the Group's liquidity management, project development, and expansion of new projects. In addition, affected by the downward trend in the industry's overall profit margin, the selling prices and sales pace of some projects have not met expectations, exerting continuous pressure on gross profit margins carried forward. Coupled with the impact of provisions for impairment of assets such as inventories, the Group has recorded losses for five consecutive years.

Facing a complex operating environment, the Group has actively implemented its primary responsibilities, substantially completed its guaranteed home delivery work, and completed the offshore debt restructuring and onshore public bond restructuring in 2025. Nevertheless, the Group still faces significant operational pressures, mainly reflected in: continued downward pressure on sales scale and prices; a lack of construction funds for some projects; financing channels not yet fully restored, limiting refinancing capabilities; and existence of potential or ongoing debt issues and litigation disputes with creditors, business partners, customers, and other related parties. Furthermore, affected by factors such as debt defaults and litigation, some property projects and cultural and tourism assets still face the risk of being disposed of or auctioned, further intensifying the Group's operational pressures. If the market continues to decline, it will continue to adversely affect the Group's debt risk resolution and long-term business recovery efforts.

(2) Interest Rate Risk

As the Group has no material interest-bearing assets, the Group's income and operating cash flows are almost unaffected by changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Long-term borrowings include borrowings issued at variable rates and borrowings issued at fixed rates, of which borrowings issued at variable rates expose the Group to cash flow interest-rate risk which is partially offset by cash held at variable rates while borrowings issued at fixed rates expose the Group to fair value interest-rate risk. Interest rate fluctuations may result in higher interest rates on the Group's floating-rate borrowings, thereby exposing the Group to the risk of increased financing costs.

The table below sets out the Group's exposure to interest rate risks. Included in the table are the liabilities stated at carrying amounts, categorised by maturity dates or the earliest dates the Group can be required to pay.

	As at 31 December 2025 RMB billion	As at 31 December 2024 RMB billion
Floating interests:		
Less than 12 months	32.14	48.10
1-5 years	5.42	5.41
Over 5 years	1.01	0.36
Subtotal	38.57	53.87
Fixed interests:		
Less than 12 months	121.87	137.99
1-5 years	25.42	56.91
Over 5 years	2.40	10.90
Subtotal	149.69	205.80
Total	188.26	259.67

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's interest rate risk management measures include optimizing the debt structure, reducing the interest rates, decreasing the debt size and using financial instruments related to interest rate. By constantly paying attention to interest rate risk and aligning closely with policy directions and maintaining proactive communication with financial institutions and other creditors, the Group leverages opportunities to negotiate interest rate reductions and exemptions on borrowings, thereby minimizing the impact of interest rate risks on its operations.

(3) Foreign Exchange Risks

As most of the Group's operating entities are located in China, the Group operates its business mainly in RMB. Given that some of the Group's bank deposits, financial assets at FVPL, derivative financial instruments and other borrowings are denominated in US dollars or Hong Kong dollars, the Group is exposed to foreign exchange risks. The potential impacts of foreign exchange risks on the Group may include the following:

- (i) Increased direct repayment costs: The Group needs to purchase foreign exchange using RMB to repay foreign currency principal and interest. If foreign currencies appreciate against the RMB, the Group will incur higher RMB expenditures, leading to increased financial costs;
- (ii) Cash flow pressure: Sharp exchange rate fluctuations may require the Group to raise additional RMB funds within a short period, resulting in liquidity strain; and
- (iii) Translation risk: At the end of an accounting period, foreign currency liabilities must be converted into RMB at the spot exchange rate. If foreign currencies appreciate, the book value of liabilities will rise, potentially increasing the asset-liability ratio and reducing net assets, among other effects.

For the year ended 31 December 2025, the Group recorded an exchange gain in the amount of approximately RMB0.80 billion due to fluctuations in foreign exchange rates in the market. However, the Group's operating cash flow and liquidity were not significantly affected by fluctuations in foreign exchange rates.

The Group's measures to manage foreign exchange risks include monitoring exchange rate fluctuations, adjusting foreign currency deposits in a timely manner, using financial instruments for hedging, and working with lenders to convert foreign currency debt into local currency debt, etc. The Group will prudently monitor foreign exchange risks, and control foreign exchange risks in line with its current operational realities according to the aforementioned measures in a timely manner to minimise their impact on the Group.

(4) Climate Risk

The Group recognises the impact of climate change on the Company's operations, and analyzes and assesses the impact of climate risks that have a significant impact on its operations with a high probability of occurrence. To this end, the Group has adopted a series of targeted measures to enhance the Company's capacity to respond to climate change, align with the trend of green transformation, and support the Company's low-carbon transition and sustainable development.

The climate risks identified by the Group mainly include (i) physical risks and (ii) transition risks. Physical risks primarily include extreme hot, extreme cold, extreme precipitation, sea-level rise, and typhoons. Such climate events may affect construction progress, cultural and tourism operations, worker health, asset safety, and operating costs. In response, the Group has implemented multiple countermeasures, such as adjusting working hours, adopting cold-resistant and water-resistant materials, strengthening wind-resistant and flood-proof designs, optimizing construction plans, and improving contingency plans to enhance climate adaptability and resilience.

Transition risks encompass aspects such as increasingly stringent policies and regulations, increased investment in green technologies, changing market preferences, and reputational impact. The Group actively promotes its low-carbon transition and ensures sustainable development through initiatives including closely tracking policy developments, investing in low-carbon technology R&D, conducting market research and technology assessments, optimizing supply chain management, strengthening compliance disclosure, and maintaining transparent communication with investors.

17 IMPACT OF DEBT RESTRUCTURING

The Group completed the offshore debt restructuring and onshore public bond restructuring in 2025. As of 31 December 2025, the borrowings payable by the Group decreased by approximately RMB63.57 billion in principal amount due to the completion of the onshore and offshore debt restructurings, and the Group recorded a gain on onshore and offshore debt restructuring of approximately RMB32.97 billion in 2025. The Group expects that the completion of the holistic offshore debt restructuring and the Chiyu restructuring will increase the total equity attributable to the Company by approximately RMB44.10 billion, of which: (1) in 2025, restructuring gains attributable to owners of the Company of approximately RMB28.34 billion were recognised in the consolidated statement of comprehensive income, and an amount of approximately RMB1.34 billion was directly credited to equity due to the conversion of certain mandatory convertible bonds into shares and the issuance of shares to Chiyu, respectively; and (2) an amount of approximately RMB14.42 billion is expected to be directly credited to equity in 2026 to 2028 following the conversion of the mandatory convertible bonds into shares. The Group's borrowings are primarily categorized into offshore debt, onshore public market debt, and onshore property project debt. The completion of the holistic offshore debt restructuring and onshore public bond restructuring in 2025 has completely resolved the debt risk at the listed company level and the Group's onshore public market debt risk, achieving a sustainable capital structure and further reinforcing the confidence in the Group among various parties through the shareholding structure stability arrangement and the employee stock ownership plan. This will establish a solid foundation for the Group to better advance various tasks in the future, including resolving debt risks and revitalizing assets related to onshore property projects.

BUSINESS HIGHLIGHTS

SUMMARY OF SALES

For the year ended 31 December 2025, the contracted sales amount of the Group and its joint ventures and associates was approximately RMB36.84 billion. The breakdown of sales by urban circle and city tier is as follows:

Urban circle	Sales area (0'000 sq.m.)	Sales amount (RMB billion)	Percentage of sales amount
Yangtze River Delta	26.4	24.55	66.6%
Bohai Rim	19.7	4.32	11.7%
Southern China	18.8	0.98	2.7%
Western region	59.5	4.70	12.8%
Central region	20.9	2.29	6.2%
Total	145.3	36.84	100.0%

City tier	Sales area (0'000 sq.m.)	Sales amount (RMB billion)	Percentage of sales amount
Tier 1	19.0	25.86	70.2%
Tier 2	90.6	8.66	23.5%
Tier 3 and below	35.7	2.32	6.3%
Total	145.3	36.84	100.0%

SUMMARY OF LAND BANK

For the year ended 31 December 2025, the Group did not acquire any new land bank. As at 31 December 2025, the Group and its joint ventures and associates developed a total of 681 property projects. The Group and its joint ventures and associates had a total land bank of approximately 107.772 million sq.m. and attributable land bank of approximately 76.513 million sq.m.. The breakdown of land bank by cities is as follows:

Urban circle	City	Attributable land bank 0'000 sq.m.	Total land bank 0'000 sq.m.
Yangtze River Delta	Wenzhou	149.9	178.7
	Shanghai	121.3	165.7
	Hangzhou	97.0	179.0
	Shaoxing	94.0	124.2
	Xuzhou	91.1	100.9
	Haiyan	60.0	62.0
	Wuxi	57.0	106.6
	Changzhou	51.8	74.8
	Nantong	48.0	63.3
	Suzhou	45.0	78.6
	Others	210.9	445.5
	Subtotal	1,026.0	1,579.3
Bohai Rim	Qingdao	514.0	595.9
	Tianjin	418.4	468.8
	Harbin	192.4	207.9
	Taiyuan	157.7	228.9
	Dalian	109.1	109.1
	Jinan	106.0	146.9
	Shenyang	103.1	186.2
	Beijing	74.2	90.6
	Tangshan	66.4	75.9
	Langfang	51.9	56.4
	Zhangjiakou	43.7	57.5
	Yantai	42.0	81.9
	Others	91.5	112.7
	Subtotal	1,970.4	2,418.7

BUSINESS HIGHLIGHTS

Urban circle	City	Attributable land bank 0'000 sq.m.	Total land bank 0'000 sq.m.
Southern China	Jiangmen	165.1	177.4
	Qingyuan	133.7	146.0
	Hainan Province	110.4	130.6
	Huizhou	65.6	69.1
	Zhaoqing	57.7	57.7
	Zhongshan	56.6	57.2
	Guangzhou	50.8	141.4
	Zhuhai	41.7	41.7
	Others	100.6	153.7
		Subtotal	782.2
Western region	Chongqing	666.7	1,021.9
	Meishan	653.5	952.3
	Xishuangbanna	238.3	276.7
	Guiyang	194.9	271.0
	Xi'an	130.6	216.3
	Kunming	126.1	232.5
	Chengdu	124.6	185.4
	Dali	82.6	137.7
	Yinchuan	79.3	89.2
	Guilin	70.5	72.7
	Nanning	68.3	101.6
	Yulin	51.0	51.0
	Guigang	43.7	48.4
	Others	307.4	575.0
	Subtotal	2,837.5	4,231.7
Central region	Wuhan	406.4	714.6
	Changsha	156.4	204.8
	Zhengzhou	145.0	189.6
	Xinxiang	98.8	98.8
	Xianning	56.9	81.3
	Ezhou	41.7	95.2
	Others	130.0	188.4
		Subtotal	1,035.2
	Total	7,651.3	10,777.2

The development progress of the total land bank is as follows:

Urban circle	Attributable land bank (0'000 sq.m.)	Total land bank (0'000 sq.m.)	The development progress of the total land bank		
			Completed area (0'000 sq.m.)	Uncompleted area (0'000 sq.m.)	Undeveloped area (0'000 sq.m.)
Yangtze River Delta	1,026.0	1,579.3	699.4	684.0	195.9
Bohai Rim	1,970.4	2,418.7	712.8	1,237.5	468.4
Southern China	782.2	974.8	310.2	265.8	398.8
Western region	2,837.5	4,231.7	820.9	1,657.7	1,753.1
Central region	1,035.2	1,572.7	148.1	707.6	717.0
Total	7,651.3	10,777.2	2,691.40	4,552.60	3,533.20

SUMMARY OF SELF-OWNED PROPERTIES IN THE CULTURAL AND TOURISM BUSINESS SEGMENT

The properties held by the Group in the cultural and tourism business segment primarily include commercial properties, hotels, parks (theme parks, water parks, ocean aquariums and sports parks), indoor ski resorts, and other types of properties (collectively, the “Cultural and Tourism Assets”). For the year ended 31 December 2025, the Group recorded a revenue of approximately RMB4.73 billion for the cultural and tourism business segment, representing a decrease of approximately 9.2% as compared with last year. As of 31 December 2025, the Group’s major Cultural and Tourism Assets in operation were as follows:

1. OVERALL

Type	Breakdown of type	Number	Gross floor area (0'000 sq.m.)
Commercial properties	Shopping mall	10	139.9
	Commercial street	5	18.9
Hotel		29	126.7
Parks	Theme park	10	66.9
	Water park	8	30.2
	Ocean aquarium	5	20.2
	Sports park	3	9.6
Indoor ski resort		5	29.3
Total			441.7

BUSINESS HIGHLIGHTS

2. COMMERCIAL PROPERTIES

The revenue for the commercial business of the Group in the cultural and tourism business segment during 2025 amounted to approximately RMB1.23 billion, representing a decrease of approximately 3.1% as compared with the revenue of approximately RMB1.27 billion during 2024. The commercial assets in operation of the Group in the cultural and tourism business segment comprise ten shopping malls and five commercial streets, among which, details of the shopping malls are as follows:

Shopping mall name	City	Opening date	Gross floor area (Approximately 0'000 sq.m.)	Percentage of the Group's equity interest
Global Center	Chengdu	September 2013	31.2	70.0%
Sunac Mall	Xishuangbanna	September 2015	7.8	100.0%
Sunac Mall	Nanchang	May 2016	17.8	100.0%
Sunac Mall	Hefei	September 2016	13.4	100.0%
Sunac Mall	Harbin	June 2017	14.0	100.0%
Sunac Gem Park	Qingdao	September 2017	7.7	100.0%
Sunac Mall	Guangzhou	June 2019	11.5	100.0%
Sunac Mall	Chengdu	September 2020	12.9	100.0%
Sunac Mall	Chongqing	September 2020	10.5	100.0%
Sunac Mall	Jinan	May 2021	13.1	100.0%
Total			139.9	

3. HOTELS

The revenue for the hotel business of the Group in the cultural and tourism business segment during 2025 amounted to approximately RMB1.22 billion, representing a decrease of approximately 17.0% as compared with the revenue of approximately RMB1.47 billion during 2024. There are a total of 29 hotels in operation owned by the Group in the cultural and tourism business segment. Details for hotels are as follows:

Project name	Number of hotels	Hotel brands	Opening date	Gross floor area (Approximately 0'000 sq.m.)	Percentage of the Group's equity interest
Xishuangbanna Cultural and Tourism City	1	Crowne Plaza	September 2015	4.6	100.0%
Nanchang Cultural and Tourism City	5	Steigenberger Icons	May 2016	3.8	100.0%
		Steigenberger	May 2016	3.5	100.0%
		Pullman	May 2016	3.5	100.0%
		Novotel	May 2016	2.9	100.0%
		Mercure	May 2016	2.9	100.0%
Hefei Cultural and Tourism City	5	Steigenberger Icons	September 2016	5.0	100.0%
		Lebanshan Hotels	September 2016	3.9	100.0%
		Pullman	September 2016	3.8	100.0%
		Novotel	September 2016	3.9	100.0%
		Mercure	September 2016	3.9	100.0%
Harbin Cultural and Tourism City	2	Steigenberger	June 2017	4.2	100.0%
		Crowne Plaza	June 2017	4.2	100.0%
Guangzhou Cultural and Tourism City	3	Steigenberger Icons	June 2019	7.9	100.0%
		Steigenberger	June 2019	4.3	100.0%
		Blossom House	June 2019	5.4	100.0%
Wuxi Cultural and Tourism City	3	Song Hotel	June 2019	3.9	100.0%
		Steigenberger	June 2019	4.2	100.0%
		Crowne Plaza	June 2019	4.7	100.0%

BUSINESS HIGHLIGHTS

Project name	Number of hotels	Hotel brands	Opening date	Gross floor area (Approximately 0'000 sq.m.)	Percentage of the Group's equity interest
Kunming Cultural and Tourism City	2	Song Hotel	December 2019	4.2	100.0%
		Steigenberger	December 2019	3.5	100.0%
Chengdu Cultural and Tourism City	3	Song Hotel	September 2020	5.0	100.0%
		Steigenberger	August 2020	2.4	100.0%
		Blossom Attic	May 2021	6.1	100.0%
Guilin Cultural and Tourism City	2	Song Hotel	June 2021	3.5	100.0%
		Steigenberger	December 2020	4.6	100.0%
Jinan Cultural and Tourism City	1	Song Hotel	May 2021	2.5	100.0%
Changsha Shangdong District	2	Steigenberger Icons	October 2021	14.4	70.0%
		Steigenberger	October 2021		70.0%
Total				126.7	

4. PARKS

The revenue for the park business of the Group in the cultural and tourism business segment during 2025 amounted to approximately RMB1.51 billion, representing a decrease of approximately 10.7% as compared with the revenue of approximately RMB1.69 billion during 2024. The park assets in operation under the Group's cultural and tourism business segment comprise ten outdoor theme parks, eight water parks, five ocean aquariums and three sports parks, among which, details of the theme parks are as follows:

Theme park name	City	Opening date	Gross floor area (Approximately 0'000 sq.m.)	Percentage of the Group's equity interest
Xishuangbanna Sunac Land	Xishuangbanna	September 2015	5.5	100.0%
Nanchang Sunac Land	Nanchang	May 2016	5.8	100.0%
Hefei Sunac Land	Hefei	September 2016	5.0	100.0%
Harbin Sunac Land	Harbin	June 2017	5.6	100.0%
Guangzhou Sunac Land	Guangzhou	June 2019	10.4	100.0%
Wuxi Sunac Land	Wuxi	June 2019	11.2	100.0%
Dream Back to Qingcheng • Performing Arts Town	Chengdu	September 2020	6.8	100.0%
Chongqing Sunac Land	Chongqing	September 2020	5.2	100.0%
Jinan Sunac Land	Jinan	May 2021	9.1	100.0%
Guilin Sunac Land	Guilin	June 2021	2.3	100.0%
Total			66.9	

BUSINESS HIGHLIGHTS

5. SKI RESORTS

The revenue for the ice and snow business of the Group in the cultural and tourism business segment during 2025 amounted to approximately RMB0.77 billion, representing a decrease of approximately 1.3% as compared with the revenue of approximately RMB0.78 billion during 2024. The five indoor ski resorts owned by the Group are operated and managed by Bonski. Details of the ski resorts are as follows:

Ski resort name	City	Gross floor area (Approximately 0'000 sq.m.)	Opening date	Percentage of the Group's equity interest
Harbin Bonski	Harbin	8.1	June 2017	100.0%
Guangzhou Bonski	Guangzhou	7.8	June 2019	100.0%
Kunming Bonski	Kunming	3.0	December 2019	100.0%
Chengdu Bonski	Chengdu	7.4	September 2020	100.0%
Chongqing Bonski	Chongqing	3.0	September 2020	100.0%
Total		29.3		

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

As at the latest practicable date prior to the issuance of this annual report, the latest profile of the directors (the “Directors”) and senior management of the Company is set out as follows:

EXECUTIVE DIRECTORS

Mr. Sun Hongbin, aged 63, is the Group’s founder, and the Chairman of the board (the “Board”) of Directors, an executive Director, the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. Mr. Sun Hongbin is mainly responsible for determining the strategic direction of the Group and providing leadership for the Board. Mr. Sun Hongbin commenced his real estate business in 1994 and has accumulated over 30 years of ample experience in the real estate industry in the PRC. Mr. Sun Hongbin obtained a master’s degree in engineering from Tsinghua University in 1985 and completed an advanced management program at Harvard Business School in the United States in 2000. Mr. Sun Hongbin is the father of Mr. Sun Kevin Zheyi, an executive Director of the Company, the vice president of the Group and the president of the Beijing regional branch of the Group.

Mr. Wang Mengde (“Mr. Wang”), aged 55, is an executive Director of the Company, the Chief Executive Officer of the Group and the chairman of the Environmental, Social and Governance Committee of the Company. Mr. Wang is mainly responsible for leading the corporate management team to implement the strategies and plans of the Company and organizing and managing the overall business operations of the Group. Mr. Wang is also the chairman of the board of directors and a non-executive director of Sunac Services. Mr. Wang has over 20 years of experience in the real estate industry in the PRC. Mr. Wang joined the Group in 2006 and acted as the chief financial officer and the vice president of the Group. He has been the executive president and chief executive officer of the Group since 2011 and September 2015, respectively. Mr. Wang has served as the chairman of the board of directors and a non-executive director of Sunac Services since 4 August 2020. Prior to joining the Group, Mr. Wang was the general manager of Sunco China Holdings Limited (“Sunco China”) in East China region from 2003 to 2005, and the chief operating officer and chief financial officer of Sunco China, a company engaged in the business of property development in the PRC from 2005 to 2006. Mr. Wang graduated from Nankai University with a bachelor’s degree in auditing in 1997.

Ms. Ma Zhixia (“Ms. Ma”), aged 53, is an executive Director and a member of the Nomination Committee of the Company, and the chief operation officer, the executive president and the general manager of the real estate operation centre of the Group, being mainly responsible for the overall management of the business operations of the Group’s real estate segment. Ms. Ma joined the Group in 2003, and acted as the general manager of Tianjin Sunac Zhidi Company Limited (currently known as Sunac Real Estate Group Company Limited 融創房地產集團有限公司) from 2003 to 2005 and the vice president of the Group from 2005 to 2015. She has been the executive president and the chief operation officer of the Group since 2015. Prior to joining the Group, Ms. Ma joined Sunco China in 1998, and acted as the deputy general manager of Tianjin Sunco Construction Company Limited (天津順馳建設有限公司), a subsidiary of Sunco China, from 2000 to 2003. Ms. Ma graduated from Nankai University with a bachelor’s degree in economics in 1995.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Huang Shuping ("Mr. Huang"), aged 45, is an executive Director of the Company, the executive president of the Group and the president of the South China regional branch of the Group, being mainly responsible for the overall operation and management of South China region and taking charge of the cultural and tourism business segment. Mr. Huang joined the Group in 2007 and acted successively as a supervisor and the general manager of the capital operations centre, the deputy general manager of the finance management department and the assistant to chief executive officer. Mr. Huang served as the vice president of the Group from 2011 to 2015, the chief financial officer and company secretary of the Group from 2012 to 2015, and the executive president of the Group since 2015. Prior to joining the Group, Mr. Huang was an assistant to the president of Sunco China with responsibilities in capital management from 2005 to 2007. Mr. Huang graduated from Xiamen University with a bachelor's degree in economics in 2003 and received a master's degree from the University of Liverpool in finance in 2004.

Mr. Sun Kevin Zheyi, aged 36, is an executive Director of the Company, the vice president of the Group and the president of the Beijing regional branch of the Group, being mainly responsible for the overall operation and management of the Beijing region. Mr. Sun Kevin Zheyi joined the Group in 2014 and served various roles relating to capital market, land acquisition and project operation in the Group's headquarters and different regional branches. Prior to joining the Group, Mr. Sun Kevin Zheyi worked in Snow Lake Capital L.P. (雪湖資本有限合夥) and Charm Communications Inc. (昌榮傳播股份有限公司). Mr. Sun Kevin Zheyi graduated from Boston College in 2011 with a dual Bachelor's degree in business management and history. Mr. Sun Kevin Zheyi is the son of Mr. Sun Hongbin who is the Chairman of the Board and an executive Director of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Poon Chiu Kwok (“Mr. Poon”), aged 63, is an independent non-executive Director, the chairman of the Audit Committee and a member of the Nomination Committee, the Remuneration Committee and the Environmental, Social and Governance Committee of the Company. Mr. Poon has years of experience in listed companies finance, governance and management. Mr. Poon is responsible for supervising and providing independent advice to the Board. Mr. Poon currently serves as an executive director, vice president and company secretary of Huabao International Holdings Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 336) and an independent non-executive director of AUX International Holdings Limited (stock code: 2080), Sany Heavy Equipment International Holdings Company Limited (stock code: 631), Greentown Service Group Co. Ltd. (stock code: 2869), Jinchuan Group International Resources Co. Ltd (stock code: 2362) and China Isotope & Radiation Corporation (stock code:1763) respectively, the shares of each of which are listed on the Main Board of the Stock Exchange. Mr. Poon served as an independent non-executive director of Yuanda China Holdings Limited (stock code: 2789) from April 2011 to September 2023, of Changan Minsheng APLL Logistics Co. Ltd. (stock code: 1292) from September 2011 to June 2023, of Yankuang Energy Group Co. Ltd. (stock code: 1171) from June 2017 to June 2023 respectively, the shares of each of which are listed on the Main Board of the Stock Exchange. Mr. Poon is a fellow member of CPA Australia Ltd., the Chartered Governance Institute in United Kingdom, the Hong Kong Chartered Governance Institute and the Hong Kong Securities and Investment Institute. Mr. Poon obtained a master’s degree in international accounting, a postgraduate diploma in laws, a bachelor’s degree in laws and a bachelor’s degree in business studies. Mr. Poon has been an independent non-executive Director of the Company since June 2011.

Mr. Zhu Jia (“Mr. Zhu”), aged 63, is an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee and the Environmental, Social and Governance Committee of the Company. Mr. Zhu is currently a partner and the chairman in China of Bain Capital Private Equity (Asia), LLC (“Bain Capital”). Mr. Zhu has solid and extensive experience in a broad range of cross border mergers and acquisitions as well as international financing transactions involving PRC companies. Before joining Bain Capital in 2006, Mr. Zhu was the chief executive officer of the PRC business of Morgan Stanley Asia Limited. Mr. Zhu served as a non-executive director of SinoMedia Holding Limited (stock code: 623) from November 2006 to May 2013, GOME Electrical Appliances Holding Limited (currently known as GOME Retail) (stock code: 493) from August 2009 to January 2015 and Clear Media Limited (stock code: 100) from August 2011 to June 2020, and successively served as a non-executive director and an independent non-executive director of Greatview Aseptic Packaging Company Limited (stock code: 468) from July 2010 to June 2023, the shares of each of which are listed on the Main Board of the Stock Exchange. Mr. Zhu holds a juris doctor degree from Cornell University in the United States, and an MA degree from Nanjing University, and a BA degree from Zhengzhou University in China. Mr. Zhu is a trustee emeritus and a Presidential Councilor of Cornell University in the United States. Mr. Zhu is also Chairman of Cornell University’s International Advisory Council. Mr. Zhu has been a non-executive Director of the Company since 30 September 2009 and has been re-designated as an independent non-executive Director since 24 November 2016.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Ma Lishan ("Mr. Ma"), aged 74, is an independent non-executive Director, and a member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Environmental, Social and Governance Committee of the Company. Mr. Ma graduated from Beijing Foreign Studies University in 1975. From January 1996, Mr. Ma served as executive director of China Foods Limited (中國食品有限公司) (stock code: 506). From May 1997 to June 2003, Mr. Ma served as executive director and general manager of China Foods Limited. In 2000, Mr. Ma has been appointed as the vice president of COFCO (Group) Limited. Mr. Ma was also the executive director of Elife Holdings Limited (易生活控股有限公司) (formerly known as Sino Resources Group Limited (神州資源集團有限公司)) from 7 June 2008 to 16 January 2009, whose shares are listed on the Main Board of Stock Exchange (stock code: 223). From September 2010 to August 2012, he was also the executive director, chairman and CEO of Aceso Life Science Group Limited (信銘生命科技集團有限公司) (formerly known as Hao Tian Development Group Limited (昊天發展集團有限公司)), whose shares are listed on the Main Board of the Stock Exchange (stock code: 474). From May 2008 to December 2021, Mr. Ma was an independent non-executive director of Silver Base Group Holdings Limited (銀基集團控股有限公司) whose shares were listed on the Main Board of the Stock Exchange (stock code: 886, the shares were delisted in November 2023), and he had been re-assigned as a non-executive director since 30 December 2021. From March 2016 to February 2025, Mr. Ma was an independent non-executive director of SRE Group Limited (上置集團有限公司) whose shares were listed on the Main Board of the Stock Exchange (stock code: 1207, the shares were delisted from the Stock Exchange on 20 February 2025). From June 2016 to present, Mr. Ma is an independent non-executive director of DIT Group Limited (築友智造科技集團有限公司) (formerly known as China Minsheng DIT Group Limited (中民築友科技集團有限公司)) whose shares are listed on the Main Board of the Stock Exchange (stock code: 726). From August 2016 to present, Mr. Ma is an independent non-executive director of XinKong International Capital Holdings Limited (信控國際資本有限公司) (formerly known as Huarong International Financial Holdings Limited (華融國際金融控股有限公司)), whose shares are listed on the Main Board of the Stock Exchange (stock code: 993)). Mr. Ma has been an independent non-executive Director of the Company since August 2009.

Mr. Yuan Zhigang ("Mr. Yuan"), aged 68, is an independent non-executive Director, and a member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Environmental, Social and Governance Committee of the Company. Mr. Yuan graduated from École des Hautes Études en Sciences Sociales (EHESS) in France in 1993 with a Doctorate degree in Economics. Mr. Yuan currently works as a professor at School of Economics of Fudan University. He has been long serving as an expert member of the decision-making advisory committees of Shanghai, Fujian, Guangxi Zhuang Autonomous Region and some other local governments. Mr. Yuan has in-depth study and a significant influence over hotspot macroeconomic research on issues covering macroeconomic operation, financial system reform, internationalization of Renminbi and real estate of China. Mr. Yuan currently served as the independent director of Shanghai Guotai Junan Securities Asset Management Co., Ltd and Tullett Prebon SITICO (China) Limited. From 2004 to 2015, Mr. Yuan served as the Dean of School of Economics of Fudan University; from May 2010 to April 2017, Mr. Yuan served as an independent director in Bank of Shanghai Co., Ltd. ("Bank of Shanghai"), whose shares are listed on the main board of the Shanghai Stock Exchange (stock code: 601229); from April 2011 to April 2017, Mr. Yuan served as an independent director in Ningbo Fuda Co., Ltd., whose shares are listed on the main board of the Shanghai Stock Exchange (stock code: 600724); from January 2012 to October 2018, Mr. Yuan served as an independent non-executive director in Bank of Communications Schroder Fund Management Co., Ltd.; from May 2014 to January 2021, Mr. Yuan served as an independent director in JIC Trust Co., Ltd.; and from June 2016 to January 2023, Mr. Yuan served as an independent director in Shanghai Pudong Development Bank Co., Ltd., whose shares are listed on the main board of the Shanghai Stock Exchange (stock code: 600000); and from June 2017 to July 2023, Mr. Yuan served as an external supervisor in Bank of Shanghai. Mr. Yuan has been an independent non-executive Director of the Company since 22 October 2020.

SENIOR MANAGEMENT

The executive directors of the Company are the senior management of the Group.

COMPANY SECRETARY

Mr. Gao Xi (“Mr. Gao”), aged 45, is the chief financial officer, vice president, company secretary and general manager of the capital and financing centre of the Group, being mainly responsible for financing, investment and development, listing compliance, equity management, investor relations and corporate governance related matters. Mr. Gao is also a non-executive director of Sunac Services. Mr. Gao joined the Group in December 2007. Since then, Mr. Gao has held different positions in the capital operations centre, financial management centre and financing management department of the Group. Mr. Gao had acted successively as the manager, director and general manager of the capital management department of the Group since 2011, has been the company secretary since 2015, has been the chief financial officer of the Group since 2019, and has been a non-executive director of Sunac Services since 4 August 2020. Mr. Gao graduated from Shanxi University of Finance and Economics (山西財經大學) in the PRC in July 2008 with a master’s degree in quantitative economics.

CHANGES IN INFORMATION OF DIRECTORS

On 20 November 2025, Mr. Lam Wai Hon resigned as the non-executive Director of the Company.

On 31 December 2025, Mr. Tian Qiang resigned as an executive Director of the Company.

Save as disclosed in this annual report, there is no change in Directors’ information that is required to be disclosed in accordance with Rule 13.51(B)(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) since the publication of the annual report for the year ended 31 December 2024 by the Company.

CORPORATE GOVERNANCE REPORT

The Board recognizes the importance of improving transparency to shareholders, rigorous risk management and accountability and is committed to achieving high standards of corporate governance. The Board believes that corporate governance of high standard and great efficiency will help the Company achieve better results and bring long-term value to the shareholders.

CORPORATE GOVERNANCE PRACTICES

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix C3 to the Listing Rules as the guidelines for the Directors’ dealings in the securities of the Company. Following specific enquiries of all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2025 in relation to their securities dealings, if any.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the “Corporate Governance Code”) contained in Appendix C1 to the Listing Rules as its own code on corporate governance and had, throughout the year ended 31 December 2025, complied with all applicable Code Provisions under the Corporate Governance Code.

The Board recognizes and appreciates the importance and benefits of good corporate governance and has adopted corporate governance and disclosure practices for achieving a higher standard of transparency and accountability of corporate governance. The Board members have regular discussions about the business strategies and results performance of the Group. They, together with the relevant senior executives of the Company, have also attended regular trainings on the Listing Rules and other regulatory requirements. The Company has established an internal reporting practice within the Group in order to monitor the operation and business development of the Company.

During the year under review, the corporate governance functions stipulated in Code Provision A.2.1 of the Corporate Governance Code were performed by the Audit Committee of the Company, which included: (i) developing and reviewing the Company’s policies and practices on corporate governance; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring the Company’s policies and practices on legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors; and (v) reviewing the Company’s compliance with the code and disclosure in the Corporate Governance Report.

The Board has established a mechanism to ensure that it could obtain independent views and input, including providing sufficient resources to the Directors for performing their duties and allowing the Directors to obtain independent professional advice as necessary for performing their duties. The related expenses are borne by the Company. The Board will review the implementation and effectiveness of such mechanism on an annual basis in accordance with the Code Provision B.1.3 of the Corporate Governance Code.

TRAININGS OF THE DIRECTORS

To ensure each Director's better understanding in respect of the Company's conduct and business activities to perform their responsibilities as a Director, the Company will arrange appropriate training, including arranging and funding suitable training and professional development programme for the Directors. For newly appointed Directors, the Company shall also arrange for suitable induction training, so as to ensure that they have an appropriate understanding of the business and operations of the Group and that they are fully aware of their responsibilities and obligations under the Listing Rules and relevant regulatory requirements upon commencement of their directorship in the Company. During the year under review, all the Directors, together with the relevant senior management of the Company, have attended suitable induction and/or regular trainings arranged by the Company.

The company secretary of the Company updates and keeps records of trainings received by Directors.

For the year ended 31 December 2025, trainings received by each Director are summarized as follows:

Name of Director	Reading materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements	Attending conference(s) relevant to the business of the Group/Listing Rules and Takeovers Code/Directors' duties
Mr. Sun Hongbin (<i>Chairman</i>)	√	√
Mr. Wang Mengde (<i>Chief Executive Officer</i>)	√	√
Ms. Ma Zhixia	√	√
Mr. Tian Qiang (<i>resigned on 31 December 2025</i>)	√	√
Mr. Huang Shuping	√	√
Mr. Sun Kevin Zheyi	√	√
Mr. Lam Wai Hon (<i>resigned on 20 November 2025</i>)	√	√
Mr. Poon Chiu Kwok	√	√
Mr. Zhu Jia	√	√
Mr. Ma Lishan	√	√
Mr. Yuan Zhigang	√	√

CORPORATE GOVERNANCE REPORT

THE BOARD

The Board currently comprises five executive Directors and four independent non-executive Directors. It assumes the responsibility of leadership and control of the Company, and supervises and approves strategic development objectives, significant decisions of operations and financial performance of the Company. The management is delegated with authorities and responsibilities by the Board for the Company's daily operations and businesses management according to the Board's instructions. The Board has established various Board committees and has delegated various duties to the Board committees, including the audit committee (the "Audit Committee"), the nomination committee (the "Nomination Committee"), the remuneration committee (the "Remuneration Committee") and the environmental, social and governance committee (the "ESG Committee") of the Company (collectively, the "Board Committees"). All the Board Committees perform their distinct roles in accordance with their respective terms of reference.

BOARD COMPOSITION

EXECUTIVE DIRECTORS

Mr. Sun Hongbin (*Chairman*)
Mr. Wang Mengde (*Chief Executive Officer*)
Ms. Ma Zhixia
Mr. Huang Shuping
Mr. Sun Kevin Zheyi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Poon Chiu Kwok
Mr. Zhu Jia
Mr. Ma Lishan
Mr. Yuan Zhigang

The Directors' respective biographical information is set out on pages 27 to 31 of this annual report. The Board members have extensive experience in corporate finance and management both in Mainland China and Hong Kong, which enables the Group to conduct good corporate governance and meet standards, thereby bringing long-term benefits to the shareholders of the Company. Mr. Sun Kevin Zheyi is the son of Mr. Sun Hongbin who is the Chairman of the Board and an executive Director of the Company. Save for the above, there is no relationship (including financial, business, family or other material relationship) among any other members of the Board.

During the year ended 31 December 2025, the Board had complied with Rule 3.10 and Rule 3.10A of the Listing Rules relating to the appointment of (i) at least three independent non-executive Directors; (ii) independent non-executive Directors representing one-third of the Board; and (iii) at least one independent non-executive Director possessing appropriate qualification, or accounting or related financial management expertise. Mr. Poon Chiu Kwok, an independent non-executive Director, possesses accounting and related financial management expertise. The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are considered to be independent pursuant to the Listing Rules.

All the Directors, including the independent non-executive Directors, are subject to retirement by rotation at the annual general meetings of the Company pursuant to the Listing Rules and the articles of association of the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company has distinguished the roles of the Chairman and Chief Executive Officer of the Company in accordance with the Code Provision C.2.1 of the Corporate Governance Code. The Chairman and Chief Executive Officer of the Company are Mr. Sun Hongbin and Mr. Wang Mengde respectively.

Mr. Sun Hongbin, the Chairman of the Company, is responsible for (i) determining the strategic direction of the Group; (ii) providing leadership for the Board; (iii) facilitating effective contribution from independent non-executive Directors; (iv) ensuring that good corporate governance practices and procedures are established; and (v) ensuring the provision of effective communication between the Board, the management of the Company and the shareholders of the Company generally.

Mr. Wang Mengde, the Chief Executive Officer of the Company, is responsible for (i) leading the corporate management team to implement the strategies and plans established by the Board; and (ii) organizing and managing the overall business operations of the Group.

The Board will regularly review the effectiveness of the segregation of roles to ensure its appropriateness under the Group's prevailing circumstances.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS AND GENERAL MEETINGS

During the year ended 31 December 2025, the Board convened four meetings to discuss corporate strategies, business plans, progress of results preparation, debt restructuring scheme and progress, and other significant issues of the Group. The Company also convened an annual general meeting regarding, among others, the approval of the financial statements for the year ended 31 December 2024 and an extraordinary general meeting regarding certain transactions contemplated under the offshore debt restructuring of the Company. Details of the attendance at the Board meetings, the annual general meeting and the extraordinary general meeting convened are set out as follows:

Name of Director	Actual attendance/Number of meetings required to be attended		
	Annual General Meeting	Extraordinary General Meeting	Board Meeting
Executive Directors			
Mr. Sun Hongbin (<i>Chairman</i>)	1/1	1/1	4/4
Mr. Wang Mengde (<i>Chief Executive Officer</i>)	1/1	1/1	4/4
Ms. Ma Zhixia	1/1 ¹	1/1 ¹	4/4
Mr. Tian Qiang (<i>resigned on 31 December 2025</i>)	1/1 ¹	1/1 ¹	4/4
Mr. Huang Shuping	1/1 ¹	1/1 ¹	4/4
Mr. Sun Kevin Zheyi	1/1 ¹	1/1 ¹	4/4
Non-executive Director			
Mr. Lam Wai Hon (<i>resigned on 20 November 2025</i>)	1/1 ¹	1/1 ¹	4/4
Independent Non-executive Directors			
Mr. Poon Chiu Kwok	1/1 ¹	1/1 ¹	4/4
Mr. Zhu Jia	1/1 ¹	1/1 ¹	4/4
Mr. Ma Lishan	1/1 ¹	1/1 ¹	4/4
Mr. Yuan Zhigang	1/1 ¹	1/1 ¹	4/4

Note 1: Attendance at the general meeting by phone.

BOARD COMMITTEES

The Company has established the Audit Committee, the Nomination Committee, the Remuneration Committee and the ESG Committee. Each of the Board Committees has specific written terms of reference which clearly specify their authority and duties. The chairmen of the Board Committees will report their findings and recommendations to the Board after each meeting of the Board Committees.

AUDIT COMMITTEE

The primary duties of the Audit Committee are to review the completeness of the policies and procedures on internal control and the effectiveness of the risk management and internal control systems of the Company, and to review the financial statements of the Group. The Audit Committee also performs the corporate governance function as stipulated in Code Provision A.2.1 of the Corporate Governance Code. The terms of reference of the Audit Committee are available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunac.com.cn).

The Audit Committee currently consists of four independent non-executive Directors, namely Mr. Poon Chiu Kwok, Mr. Zhu Jia, Mr. Ma Lishan and Mr. Yuan Zhigang. Mr. Poon Chiu Kwok acts as the chairman of the Audit Committee.

During the year ended 31 December 2025, the Audit Committee convened six meetings in total, and the individual attendance of each member during the year is set out as follows:

Name of Member	Attendance/ Number of meetings required to be attended
Mr. Poon Chiu Kwok (<i>Chairman</i>)	6/6
Mr. Zhu Jia	6/6
Mr. Ma Lishan	6/6
Mr. Yuan Zhigang	6/6

The Audit Committee has reviewed the remuneration of the Company's auditor for the year ended 31 December 2025, and has recommended to the Board the re-appointment of BDO Limited as the auditor of the Company for the year ending 31 December 2026, subject to approval by the shareholders at the forthcoming annual general meeting, which is expected to be held on or before 30 June 2026. The work performed by the Audit Committee during 2025 mainly included the following:

- (i) reviewed the annual consolidated financial statements of the Group for the year ended 31 December 2024 and the interim consolidated financial statements of the Group for the six month period ended 30 June 2025;
- (ii) reviewed the Company's relationship with the external auditors, discussed with the Company's external auditors on the tasks performed by them including the nature and scope of their audit and reporting obligations, and reviewed the terms of engagement and remuneration of the external auditors;

CORPORATE GOVERNANCE REPORT

- (iii) reviewed the 2025 cash flow and monitored the Group's overall financial condition;
- (iv) reviewed the appropriateness and effectiveness of the risk management and internal control systems of the Group and made recommendations to the Board on the improvement of internal control, credit control and risk management of the Group;
- (v) reviewed and monitored the effectiveness of the internal audit of the Group;
- (vi) reviewed the adoption of the relevant accounting principles generally accepted and made recommendations to the Board on the adoption of accounting policies;
- (vii) met with external auditors in the absence of executive Directors and senior management to discuss matters in relation to the audit; and
- (viii) performed the corporate governance functions as stipulated in Code Provision A.2.1 of the Corporate Governance Code.

NOMINATION COMMITTEE

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, to evaluate the independence of the independent non-executive Directors, to make recommendations to the Board on the appointment or re-appointment of Directors, to identify and to nominate suitable candidates for Directors and to develop and review the policy concerning diversity of the Board and the policy for nomination of Directors.

On 28 March 2025, the Board amended the terms of reference of the Nomination Committee, which will be responsible for (1) assisting the Board in maintaining a board skills matrix, (2) supporting the Company's regular evaluation of the Board's performance, and (3) annually reviewing the time commitment and contribution of each Director to the Board, as well as the Director's ability to discharge his/her responsibility effectively. The terms of reference of the Nomination Committee are available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunac.com.cn).

The Nomination Committee currently comprises two executive Directors, namely Mr. Sun Hongbin and Ms. Ma Zhixia (appointed on 28 March 2025), and three independent non-executive Directors, namely Mr. Poon Chiu Kwok, Mr. Ma Lishan and Mr. Yuan Zhigang. Mr. Sun Hongbin acts as the chairman of the Nomination Committee.

The Nomination Committee convened two meetings during the year ended 31 December 2025, and the individual attendance of each member during the year is set out as follows:

Name of Member	Attendance/ Number of meetings required to be attended
Mr. Sun Hongbin (<i>Chairman</i>)	2/2
Ms. Ma Zhixia	2/2
Mr. Poon Chiu Kwok	2/2
Mr. Yuan Zhigang	2/2
Mr. Ma Lishan	2/2

The work performed by the Nomination Committee during 2025 mainly included the following:

- (i) reviewed the structure, size and composition of the Board;
- (ii) assessed the independence of the independent non-executive Directors;
- (iii) reviewed the nomination policy of the Company and made recommendations to the Board on the appointment and re-appointment of Directors;
- (iv) reviewed and assessed the implementation of the board and workforce diversity policy during 2025; and
- (v) reviewed and recommended to the Board updates to its terms of reference.

NOMINATION POLICY

The Nomination Committee has reviewed the nomination policy of the Company (“Nomination Policy”) for nomination, appointment of new Directors and re-appointment of existing Directors.

Selection Criteria

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:

- (i) reputation for integrity;
- (ii) accomplishment, experience and reputation in the real estate industry, property management service industry, and cultural and tourism industry as well as other related industries;
- (iii) commitment in respect of sufficient time and attention to the Company’s business;
- (iv) diversity in all aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, technology, knowledge and industrial and regional experience;
- (v) the ability to assist and support management and make significant contributions to the Company;
- (vi) compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an independent non-executive Director; and
- (vii) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Company’s articles of association and other applicable rules and regulations.

CORPORATE GOVERNANCE REPORT

Nomination Procedure

The secretary of the Nomination Committee shall organize a meeting, and invite candidates nominated by the Board members (if any) to attend the meeting and propose them to the Nomination Committee for consideration. The Nomination Committee may also nominate candidates for its consideration.

In the context of appointment of any proposed candidate to the Board, the Nomination Committee shall undertake adequate due diligence in respect of such individual and make recommendations for the Board's consideration and approval.

In the context of re-appointment of any existing member(s) of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at a general meeting.

The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting.

BOARD DIVERSITY POLICY

The Nomination Committee reviewed and recommended to the Board the adoption of a modified policy concerning diversity of the Board ("Board Diversity Policy") and the Board, on the Board meeting held on 28 March 2025, adopted such policy to assess the Board composition. In reviewing the composition of the Board, the Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity.

Currently, the Board consists of eight male Directors and one female Director. The directors are aged between 36 and 74, with diverse background and experience in various fields, including but not limited to real estate, cultural and tourism, capital markets, and corporate governance. Based on the Nomination Committee's review for the year ended 31 December 2025, the Nomination Committee considered that these measurable objectives have been satisfactorily implemented and that there was sufficient diversity in the Board for the Company's corporate governance and business development needs.

DIVERSITY OF EMPLOYEES

The Nomination Committee reviewed and recommended to the Board the adoption of a modified policy concerning diversity of the employees ("Employee Diversity Policy") and the Board, on the Board meeting held on 28 March 2025, adopted such policy to assess the employee composition. The Group is committed to the principle of fair and equal employment opportunities regardless of citizenship, nationality, race, gender, religious beliefs and cultural background, and does not impose any restrictive requirements on gender, ethnicity, nationality or region.

As at 31 December 2025, the proportion of employees, including senior management, of the Group in terms of gender is set out below:

Gender	Number of employees	Percentage of total employees
Male	18,792	59.9%
Female	12,573	40.1%
Total	31,365	100%

The Group encourages gender diversity in its workplace. To achieve diversity at the staff level, the Group has adopted appropriate recruitment and selection measures to consider a diverse pool of candidates. The Group has also established talent management and training programmes, and provided career development guidance and promotion opportunities, to develop a broad and diverse and experienced workforce.

REMUNERATION COMMITTEE

The primary duties of the Remuneration Committee are to make recommendations to the Board on the remuneration policy and structure of the Directors and senior management, and to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules. The terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunac.com.cn).

The Remuneration Committee currently comprises one executive Director, namely Mr. Sun Hongbin, and four independent non-executive Directors, namely Mr. Zhu Jia, Mr. Poon Chiu Kwok, Mr. Ma Lishan and Mr. Yuan Zhigang. Mr. Zhu Jia acts as the chairman of the Remuneration Committee.

The Remuneration Committee held two meetings during the year ended 31 December 2025, and the individual attendance of each member during the year is set out as follows:

Name of Member	Attendance/ Number of meetings required to be attended
Mr. Zhu Jia (<i>Chairman</i>)	2/2
Mr. Sun Hongbin	2/2
Mr. Poon Chiu Kwok	2/2
Mr. Ma Lishan	2/2
Mr. Yuan Zhigang	2/2

CORPORATE GOVERNANCE REPORT

The Remuneration Committee has adopted this remuneration approval model that it will review the proposals made by the management on the remuneration of individual Directors and senior management, and then make recommendations to the Board. The Board will have final authority to approve the recommendations made by the Remuneration Committee.

The work performed by the Remuneration Committee in 2025 mainly included reviewing and making recommendation to the Board regarding the remuneration package and structure for the Directors and senior management for the year ended 31 December 2025, the remuneration policy in 2026, and the terms of service contracts for the Directors and the senior management.

On 23 December 2025, the Company adopted an employee stock ownership plan (the “ESOP”). The Group will grant share awards to its selected employees as a long-term supplementary form of remuneration by way of allotting and issuing new Shares, and the plan is also to incentivize future continuous contribution of the grantees to the Group, in order to promote the continuous operations and the long-term business recovery and growth of the Group.

As the Company has not granted any share awards under the share award scheme or ESOP (details of which are set out in the Report of the Directors) during the year ended 31 December 2025, the Remuneration Committee has not reviewed and/or approved any matter relating to share schemes under Chapter 17 of the Listing Rules during the year ended 31 December 2025, save for the adoption of the ESOP.

DIRECTORS' REMUNERATION POLICY

The Company has established a Directors' Remuneration Policy to determine the remuneration packages of Directors to ensure an appropriate remuneration level to attract and retain experienced and high calibre personnel to oversee the business and development of the Group.

Directors' remuneration is reviewed at least once a year and is determined with reference to the skills and knowledge of the Directors, their job responsibilities and involvement in the Group's affairs, the performance of the Company, their performance and prevailing market conditions. Remuneration includes directors' fees, salaries, discretionary bonuses, share award expenses, employer's contribution to retirement benefit scheme and other benefits.

ESG COMMITTEE

The primary duties of the ESG Committee are to support and assist the Board in the management of environmental, social and governance matters. The terms of reference of the ESG Committee were adopted by the Board on 28 December 2020. For details, please refer to the “2025 Environmental, Social and Governance Report” issued by the Company on 30 April 2026.

The ESG Committee currently comprises one executive Director, namely Mr. Wang Mengde, and four independent non-executive Directors, namely Mr. Poon Chiu Kwok, Mr. Zhu Jia, Mr. Ma Lishan and Mr. Yuan Zhigang. Mr. Wang Mengde acts as the chairman of the ESG Committee.

The ESG Committee held a meeting during the year ended 31 December 2025, and the individual attendance of each member during the year is set out as follows:

Name of Member	Attendance/ Number of meetings required to be attended
Mr. Wang Mengde (<i>Chairman</i>)	1/1
Mr. Poon Chiu Kwok	1/1
Mr. Zhu Jia	1/1
Mr. Ma Lishan	1/1
Mr. Yuan Zhigang	1/1

ANNUAL REMUNERATION PAYABLE TO THE MEMBERS OF SENIOR MANAGEMENT

The annual remuneration¹ of the members of the senior management (being the executive directors of the Company) by band for the year ended 31 December 2025 is as follows:

Remuneration Bands (RMB)	Number of Individuals
Less than 500,000	2
1,000,001-1,500,000	3

Note 1: The annual remuneration referred to in this section includes salary, discretionary bonuses, employer's contribution to retirement benefit scheme and other benefits.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

During the year ended 31 December 2025, the remunerations paid or payable to the auditor of the Group, BDO Limited, in respect of its audit services and non-audit services, including interim review service and agreed-upon procedures service, were RMB12.34 million and RMB1.16 million respectively.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing all information and representations contained in the financial statements of the Group for the year ended 31 December 2025 which give a true and fair view of the state of affairs of the Group and of the operating results and cash flow for the year. The Directors consider that the financial statements have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates, reasonable information and prudent judgment of the Board and the management, and the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

The statements of the auditor of the Group about its reporting responsibility on the consolidated financial statements of the Group are set out in the section headed "Independent Auditor's Report" on pages 87 to 89 of this annual report.

GOING CONCERN AND MITIGATION MEASURES

As a result of the matters described in the section headed "Basis for disclaimer of opinion – Multiple Uncertainties Relating to Going Concern" in the "Independent Auditor's Report" on pages 87 to 89 of this annual report, the Company's independent auditor, BDO Limited (the "Auditor"), did not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2025.

As stated in note 2.1(iii) to the consolidated financial statements, the Group incurred a net loss of approximately RMB13.71 billion for the year ended 31 December 2025 and, as at 31 December 2025, the Group had net current liabilities of approximately RMB74.46 billion. The Group's current and non-current borrowings amounted to approximately RMB154.01 billion and RMB34.25 billion as at 31 December 2025 respectively, while the Group had total cash (including cash and cash equivalents and restricted cash) amounting to approximately RMB12.01 billion. As at 31 December 2025, the Group had not repaid borrowings in principal amount of approximately RMB107.30 billion in aggregate according to their scheduled repayment dates, and as a result, borrowings in aggregate principal amount of approximately RMB37.06 billion might be demanded for early repayment. Up to the date of this report, the Group had not repaid borrowings in principal amount of approximately RMB110.80 billion in aggregate according to their scheduled repayment dates and as a result, borrowings in aggregate principal amount of approximately RMB32.25 billion might be demanded for early repayment. In addition, the Group was involved in various litigation and arbitration cases for various reasons as stated in note 36(B) to the consolidated financial statements.

The Group has been undertaking a number of plans and measures to improve its liquidity and financial position, and have developed debt solutions, details of which are set out in note 2.1(iii) to the consolidated financial statements.

The management of the Company has carefully considered the Group's expected cash flow projections for the next 18 months from 31 December 2025 and given due consideration to the relevant matters that give rise to material doubt as to its ability to continue as a going concern. The Group has implemented and will continue to implement a number of plans and measures to address its current debt issues, thereby alleviating liquidity pressures, including the completion of the onshore public debt restructuring plan (the "Onshore Restructuring Plan") and the offshore debt restructuring plan (the "Offshore Restructuring Plan", together with the Onshore Restructuring Plan, the "Restructuring Plans") in 2025. Details of the plans and measures are set out in note 2.1(iii) to the consolidated financial statements contained in this annual report.

The Directors consider that, given the successful completion of the Restructuring Plans, amicable communication with relevant major creditors and the orderly implementation of other relevant plans and measures, the Group will be able to adequately fund its ordinary operations and meet its obligations as and when they fall due within the next 18 months from 31 December 2025, or to engage in amicable communication with creditors to promote a long-term solution to the debt issues through a comprehensive approach such as extension, refinancing or restructuring, so that no cash outflow would be required until a solution is reached. Accordingly, the Directors (including the Audit Committee) consider that the preparation of the consolidated financial statements as of 31 December 2025 on a going concern basis is appropriate.

The Audit Committee has also discussed with the auditor and understood the concerns of the Auditor that uncertainties exist as to whether the Group's management can successfully implement the remaining plans and measures. There is no disagreement by the Board, the Group's management nor the Audit Committee with the position taken by the Auditor regarding the going concern issue.

Details on the Group's material uncertainties relating to going concern and the mitigation measures are set out in note 2.1(iii) to the consolidated financial statements of the Group.

The Group has been and will continue to implement the following action plan to address the disclaimer of opinion.

1. Onshore Restructuring Plan:

The Onshore Restructuring Plan was completed in December 2025. The Group has cancelled the onshore bonds totaling approximately RMB10.6 billion, while the remaining bonds with an amount of approximately RMB4.8 billion have been extended with the last maturity date being June 2034, of which no principal and interest on such remaining bonds need to be repaid during the next 18 months from 31 December 2025 (the "Projected Period").

2. Offshore Restructuring Plan:

The Company completed the Offshore Restructuring Plan in December 2025 involving the Company's existing debt of approximately US\$9.6 billion. Mandatory convertible bonds were issued by the Company to relevant creditors as restructuring consideration, and no offshore debts need to be repaid during the Projected Period. At the same time, the Company completed the restructuring of the Chiyu loan in outstanding principal amount of HK\$858 million in December 2025, whereby (a) an amount equivalent to 35% of the outstanding principal (i.e., HK\$300.3 million) shall be a restated loan with a ten-year extension period; and (b) the remaining outstanding amount has been deemed irrevocably and unconditionally discharged by way of the allotment and issue of new Shares by the Company to Chiyu.

3. Negotiation with lenders on extension of borrowings:

The Group continues to actively negotiate with other existing lenders to promote a long-term solution to the current debt issue through a comprehensive approach such as extension, refinancing or restructuring, so that no cash outflow would be required until a solution is reached.

CORPORATE GOVERNANCE REPORT

4. New financing/additional capital inflows:

The Group has been actively seeking new financing or additional capital inflows through various channels, including but not limited to new financing from asset management companies or financial institutions, special loan for guaranteed home delivery and ancillary borrowings, business cooperation with partners, asset disposal, etc..

Considering the risks of uncertainties surrounding future new financing, during the Projected Period, the management has only allocated new financing to support selected projects involving planned land acquisitions, but not other projects.

5. Resolution of pending lawsuits:

The Group will continue to actively communicate and negotiate with relevant creditors, and strive to formulate and implement solutions to resolve the pending onshore lawsuits. The major pending litigations primarily involved outstanding loans and outstanding construction payables. The management, in preparing the cashflow projections, had reflected the repayment of principal and interest on maturing loans based on the successfully extended loan agreements, and the project costs cash outflow based on the comprehensive project revitalization plan.

6. Pre-sale and sale of properties:

The Group will continue to take measures to accelerate the pre-sale and sale of properties under development and completed properties. In addition, the Group will continue to implement initiatives to expedite the collection of sales proceeds and recovery of other receivables. The Group believes that with the intensifying policy support from the central government, coupled with the stabilization and recovery of the overall economy and the restoration of market confidence, the long-term supply and demand dynamics in the real estate market will rebalance, leading to a gradual stabilization of the market. Therefore, the Group will proactively adjust its sales and pre-sale strategies to respond to market changes and seize emerging demand opportunities.

Assuming that the real estate market will continue as it was in 2025 over the Projected Period, the management prepared the cashflow forecast based on the development schedule of the sales projects proposed to be launched, the surrounding market conditions, and the average collection rate of sales projects in 2025. The directors of the Company are of the view that the preparation of cashflow forecast on such basis is fair and reasonable.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company continues to carry out efficient and independent internal control and adopts an approach of combining the best practices with industry standards to optimize the governance environment, increase the monitoring level, draw on senior management's experience in the industry, highlight the business expertise and establish a standardized internal control and supervision system in order to facilitate the Company's operations and management, ensure asset quality and safeguard the interests of shareholders in corporate governance and risk management.

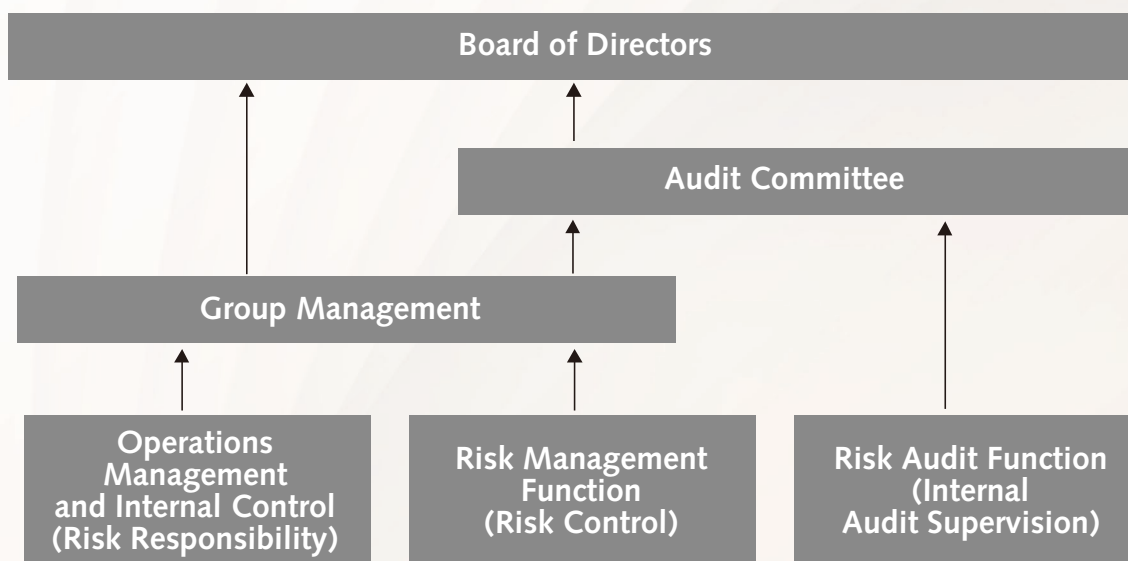
RISK MANAGEMENT AND INTERNAL CONTROL RESPONSIBILITY

The Board, as the main body responsible for risk management and internal control of the Company, has always been committed to maintaining the development and upgrading of risk management and internal control systems to meet the Company's overall strategic objectives. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and the management should provide a confirmation to the Board on the effectiveness of these systems. The Company has established internal control measures led by the Board whereby the management is responsible for assisting the Board in completing the identification and evaluation of risk factors of the business systems, implementing the Company's policies and procedures and participating in the design and operation of such measures that meet the Company's management requirements, which provides reliable assurance for the Company to carry out its business to prevent the occurrence of significant operational risks and losses. However, the risk management and internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss, which is designed to manage rather than eliminate the risk of failure to achieve business objectives.

RISK MANAGEMENT STRUCTURE OF THE COMPANY

The Company has established an internal audit and control system with well-defined power and responsibility and comprehensive functions. The audit and supervision department is appointed by the Board and the Audit Committee to complete various audit tasks for the whole year and make suggestions for improving the effectiveness of the Company's risk management and internal control system. It makes special reports to the Board and Audit Committee each semi-year.

The risk management structure of the Company is as follows:



RISK MANAGEMENT PROCEDURE

The Company adopts “Group Internal Audit System” to identify, evaluate and handle major business risks. The internal audit and supervision department formulates risk evaluation standards for the Company, evaluates major risks that may affect the achievement of business objectives, and determines the scope and content of internal audits based on the importance level of such risks. Meanwhile, business units evaluate the existing control measures and management methods and develop solutions for potential risks existing in operations and management.

The internal audit and supervision department conducts audit supervision on major business aspects in operations and management based on the carrying out of the business of the Company through routine audit, special audit, report and investigation audit and other ways, and requests business units to conduct rectifications in respect of risks found in audits. Besides, it keeps track of the status of rectification and measures, ensures all risks are effectively controlled, regularly organizes business units of the Company for training and shares internal control experience and risk information to increase the Company's risk management standard.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL REVIEW

The Board reviews each year the effectiveness of the Group's risk management and internal control systems for the previous financial year, and made evaluations and suggestions on the Group's risk management and internal control systems and process through internal and external professionals and institutions.

The annual review in respect of the year ended 31 December 2025 has considered, among others (i) whether the resources, staff qualifications and experience, and staff's training programmes accepted and budget in the accounting, internal audit and financial reporting functions were adequate; (ii) the scope and quality of the management's ongoing monitoring of risks, the internal control systems and the work of its internal audit function; (iii) whether the risk management and internal control systems, including the extent and frequency of monitoring results to the Board of Directors or the Audit Committee (as the case may be) were sound and effective; and (iv) whether the Group's rules and major business processes could meet the requirements on the guaranteed home delivery, debt risk mitigation, assets revitalization and long-term business recovery by the Company at this stage. The Board also conducted a comprehensive evaluation on the timeliness, effectiveness and normativity of the procedures for handling and releasing inside information of the Company, as well as the effectiveness of the Company's processes for financial reporting and Listing Rule compliance. The results of the annual review were basically satisfactory.

During the reporting period, the Group's audit and supervision department conducted internal control inspections on key business points in the operation and management. Identified issues were categorized as either internal control deficiencies or internal control implementation issues, and classified into five risk levels based on their impact. For identified internal control deficiencies, the Group promptly implemented corrective measures to continuously improve its management policies. For identified internal control implementation issues, the Group held relevant departments or personnel accountable according to the severity of each issue. Through these measures, the Group is committed to achieving the management goal of optimizing the risk management and internal control process.

The Board confirms that the management achieved effective implementation and orderly operation in various risk management tasks and the internal control system of the Company by summarizing and evaluating the results of various internal control tasks of the Company. The Board considers that the risk management and internal control systems of the Company are effective and adequate.

The Company will continue to improve the risk management and internal control measures, constantly optimize the operation and management environment, guarantee the efficient and compliant operation of the Company, so as to ensure the safety and reliability of the Company's funds and assets, strengthen the construction of the compliance and risk control systems and promote the realization of the Company's goals such as guaranteed home delivery, debt risk mitigation, assets revitalization and long-term business recovery.

INFORMATION DISCLOSURE

The Company discloses information in compliance with the Listing Rules and other applicable laws, and publishes periodic reports and announcements to the public in accordance with relevant laws and regulations. Our primary focus is to ensure that information disclosure is timely, fair and accurate, thereby enabling our shareholders, the investors, stakeholders as well as the public to make rational and informed decisions.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to pursuing active dialogue with shareholders as well as providing timely disclosure of information concerning the Company's material developments to its shareholders, investors and other stakeholders. annual general meeting ("AGM") of the Company serves as an effective forum for communication between the shareholders and the Board. Notice of the AGM together with the meeting materials will be despatched to all shareholders not less than 21 clear days before the AGM. As one of the measures to safeguard the shareholders' interests and rights, separate resolutions will be proposed at general meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. In addition, the Company regards the AGM as an important event, and the Directors, the chairmen or members of each Board Committees, senior management and external auditor shall attend the AGM of the Company to address shareholders' inquiries. All resolutions proposed at general meetings will be voted by poll. The poll results will be published by way of an announcement on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunac.com.cn) on the same day of the relevant general meetings.

With reference to the aforesaid, the AGM in relation to, among others, the approval of the financial statements for the year ended 31 December 2024 was chaired and convened by Mr. Sun Hongbin (the Group's founder, and the chairman of the Board, an executive Director, the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company). Mr. Wang Mengde (an executive Director, the chief executive officer of the Group and the chairman of the ESG Committee of the Company) and Mr. Gao Xi (the chief financial officer, vice president, the company secretary and general manager of the capital and financing centre of the Group) attended the AGM in person. Other executive Directors, non-executive Director and independent non-executive Directors of the Company as well as representatives of the external auditor of the Company attended the AGM by phone. In addition, the extraordinary general meeting in relation to the approval of certain transactions contemplated under the holistic offshore debt restructuring was chaired and convened by Mr. Sun Hongbin (the Group's founder, and the chairman of the Board, an executive Director, the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company). Mr. Wang Mengde (an executive Director, the chief executive officer of the Group and the chairman of the ESG Committee of the Company), Mr. Gao Xi (the chief financial officer, vice president, the company secretary and general manager of the capital and financing centre of the Group) and Mr. Poon Chiu Kwok (an independent non-executive Director of the Company, and the chairman of the Audit Committee and a member of the Nomination Committee, the Remuneration Committee and the ESG Committee of the Company) attended the AGM in person. Other executive Directors, non-executive Director and other independent non-executive Directors of the Company as well as representatives of the independent financial adviser of the Company attended the extraordinary general meeting by phone.

To promote effective communication, the Company maintains a website at www.sunac.com.cn, where the latest information and updates on its business operation and development, corporate governance practice, contact information of investor relations team and other information are published for the public's access.

The Company has reviewed the implementation and effectiveness of the communication measures with shareholders for the year ended 31 December 2025, and considered that they are effective.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHT

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

In accordance with article 58 of the articles of association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting, by written requisition to the Board or the company secretary, require an extraordinary general meeting to be called by the Board for any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to convene such meeting, the requisitioner(s) himself (themselves) may convene the meeting in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to the requisitioner(s) by the Company.

PROCEDURES FOR PUTTING FORWARD RESOLUTIONS AT GENERAL MEETINGS

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law. However, shareholders who wish to propose resolutions may follow article 58 of the articles of association of the Company for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of article 58 are set out above.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may send their enquiries and concerns to the Board in writing at any time through the contact details as follows:

Sunac China Holdings Limited
Building 1, East Side in Sunac Center
No. 278, Hongqi Road, Nankai District, Tianjin, PRC
Email: ir@sunac.com.cn

COMPANY SECRETARY

As at the date of this report, Mr. Gao Xi is the chief financial officer, vice president, the company secretary and general manager of the capital and financing center of the Group. In compliance with requirements under the Rule 3.29 of the Listing Rules, Mr. Gao Xi has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2025.

CONSTITUTIONAL DOCUMENTS

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

INVESTOR RELATIONS REPORT

The Company's investor relations work aims to ensure shareholders and investors will be provided with comprehensive access to information about the Company in a timely manner, so as to enhance and deepen investors' understanding and recognition of the Company, improve corporate transparency and market confidence in the Company. On one hand, it enables our shareholders to exercise their rights in an informed manner. On the other hand, it is an effective channel which allows the shareholders and investors to maintain smooth communications with the Company with an aim to establish a long-term, stable and healthy relationship.

The Company's investor relations team has formulated a well-organized and highly-efficient working system for investor relations so as to ensure that the Company, in compliance with the Listing Rules, conveys the latest information regarding its sales performance, significant transactions and business operations in a timely and accurate manner by publishing the monthly newsletters, announcements, annual reports and other information. It also maintains close contact with the capital market through various channels including conference calls, meetings, emails and the Company's website, etc..

In 2025, the Company was able to maintain close communication with investors through offline communication, online telephone and video conferencing. The Company's investor relations team will dedicate itself to continuously maintaining a highly-efficient communication mechanism between the Company and the capital market, and keeping long-term and effective communications with more investors, which will enable the capital market to have deeper understanding and recognition of the Company, and enable the Company to understand the expectations of the capital market towards the operations of the Company in a timely manner so as to create long-term value for shareholders.

REPORT OF THE DIRECTORS

The Board presents its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Group is principally engaged in property development, cultural and tourism city construction and operation and property management services in the PRC. An analysis of the Group's revenue and operating results for the year by principal activities is set out in note 6 to the consolidated financial statements of the Group.

RESULTS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of comprehensive income of the Group on page 92.

LAND BANK

Details of the Group's land bank are set out in the section headed "Business Highlights" of this annual report.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

The following sets forth the material cooperation and disposals of subsidiaries, joint ventures and associates undertaken by the Group during the year ended 31 December 2025:

1. THE EXISTING DEBT RESTRUCTURING AND NEW FINANCING REVITALIZATION PROJECT IN RELATION TO THE CHONGQING BAY PROJECT

On 23 January 2025, the Group and Great Wall (Tianjin) Equity Investment Fund Management Co., Ltd.* (長城(天津)股權投資基金管理有限責任公司, "Great Wall Investment Fund"), Wuhu Great Wall Real Estate Risky Assets Revitalization Investment Center (Limited Partnership)* (蕪湖長城房地產風險資產盤活投資中心(有限合夥), "Great Wall Risky Assets Revitalization Investment Center"), CITIC Trust Co., Ltd.* (中信信託有限責任公司, "CITIC Trust"), China CITIC Financial Asset Management Co., Ltd.* (中國中信金融資產管理股份有限公司, "China CITIC Financial Asset") and Sunshine 100 Real Estate Group Co., Ltd.* (陽光壹佰置業集團有限公司, "Sunshine 100 Real Estate") entered into relevant agreements including a limited partnership agreement, pursuant to which (1) Great Wall Risky Assets Revitalization Investment Center as the senior limited partner proposed to make capital contribution to Wuhu Changzhen Investment Center (Limited Partnership)* (蕪湖長真投資中心(有限合夥)) of not exceeding RMB2.476 billion in cash, of which, in principle, ① not more than RMB1.326 billion would be mainly used for the development and construction of the Chongqing Bay Project (a project located in Chongqing, the PRC mainly for the development of residential and commercial properties for sale) and other funding requirements that may affect the development of the Chongqing Bay Project, and ② not less than RMB1.15 billion (subject to the actual amount eventually purchased by Great Wall Risky Assets Revitalization Investment Center) will be used to purchase the intermediate limited partnership interest held by CITIC Trust; (2) CITIC Trust shall subscribe for the intermediate limited partnership interest with the debts owing by Chongqing Sunshine 100 Real Estate Development Co., Ltd.* (重慶陽光壹佰房地產開發有限公司) (the "Project Company") to the trust scheme managed by CITIC Trust of approximately RMB5.0 billion for a consideration of approximately RMB3.174 billion; (3) China CITIC Financial Asset shall subscribe for the junior limited partnership interest with the debts owing by the Project Company to it; (4) Sunshine 100 Real Estate shall subscribe for the junior limited partnership interest with the debts owing by the Project Company to it or in cash; and (5) the Group shall subscribe for the junior limited partnership interest with the debts owing by the Project Company to it and its certain equity interests in the Project Company. Upon completion of the transaction, the Project Company would no longer be a subsidiary of the Company. Please refer to the announcement of the Company dated 23 January 2025 for details.

Save as disclosed above, there were no other significant investment, material acquisitions or disposals of subsidiaries, joint ventures and associates undertaken by the Group during the year ended 31 December 2025.

CONTRACTUAL ARRANGEMENTS

INTRODUCTION

For the financial year ended 31 December 2025 and as of 31 December 2025, details of the target shares held by the Group through the contractual arrangements (the “Contractual Arrangements”) entered into by 融創房地產集團有限公司 (Sunac Real Estate Group Co., Ltd.) (“Sunac Real Estate”), a wholly-owned subsidiary of the Company, were as follows:

1. The 42.81% equity interests (the “Target Shares I”) in 樂視影業(北京)有限公司 (Le Vision Pictures (Beijing) Co. Ltd.) (“Le Vision Pictures”, or the “Target Company I”);
2. The 78.85% equity interests (the “Target Shares II”) in 北京夢之城文化有限公司 (Beijing Dream Castle Culture Co., Ltd.) (“Dream Castle”, or the “Target Company II”);
3. The 72% equity interests (the “Target Shares III”) in 上海倍視文化傳媒有限公司 (Shanghai Beishi Culture and Media Co., Ltd.) (“Shanghai Beishi” or the “Target Company III”);
4. The 35% equity interests (the “Target Shares IV”) in 上海萌揚文化有限公司 (Shanghai Mengyang Culture Co., Ltd.) (“Shanghai Mengyang” or the “Target Company IV”);
5. The 28.95% equity interests (the “Target Shares V”) in 上海壹創影視文化傳媒有限公司 (Shanghai Douchuang Film and Television Culture and Media Co., Ltd.) (“Shanghai Douchuang” or the “Target Company V”) (The above-mentioned shareholding ratio had decreased from 55% to 28.95% on 24 June 2022);
6. The 60% equity interests (the “Target Shares VI”) in 融創科幻影業(成都)有限公司 (Sunac Science Fiction Pictures (Chengdu) Co., Ltd.) (“Sunac Pictures”, or the “Target Company VI”);
7. The 100% equity interests (the “Target Shares VII”) in 北京臻視未來傳媒有限公司 (Beijing Zhenshi Future Media Co, Ltd.) (“Zhenshi Future” or the “Target Company VII”);
8. The 100% equity interests (the “Target Shares VIII”) in 北京千萬間文化傳播有限公司 (Beijing Infinite Units Culture Communication Co., Ltd., former name: 融創未來影視文化傳媒(北京)有限公司) (“Beijing Infinite Units” or the “Target Company VIII”); and
9. The 100% equity interests (the “Target Shares IX”, and together with the Target Shares I to Target Shares VIII, the “Target Shares”) in 深圳千萬間文化傳播有限公司 (Shenzhen Infinite Units Culture Communication Co., Ltd., former name: 深圳融創千萬間文化傳播有限公司) (“Infinite Units” or the “Target Company IX” and together with the Target Company I to Target Company VIII, the “Target Companies”).

REPORT OF THE DIRECTORS

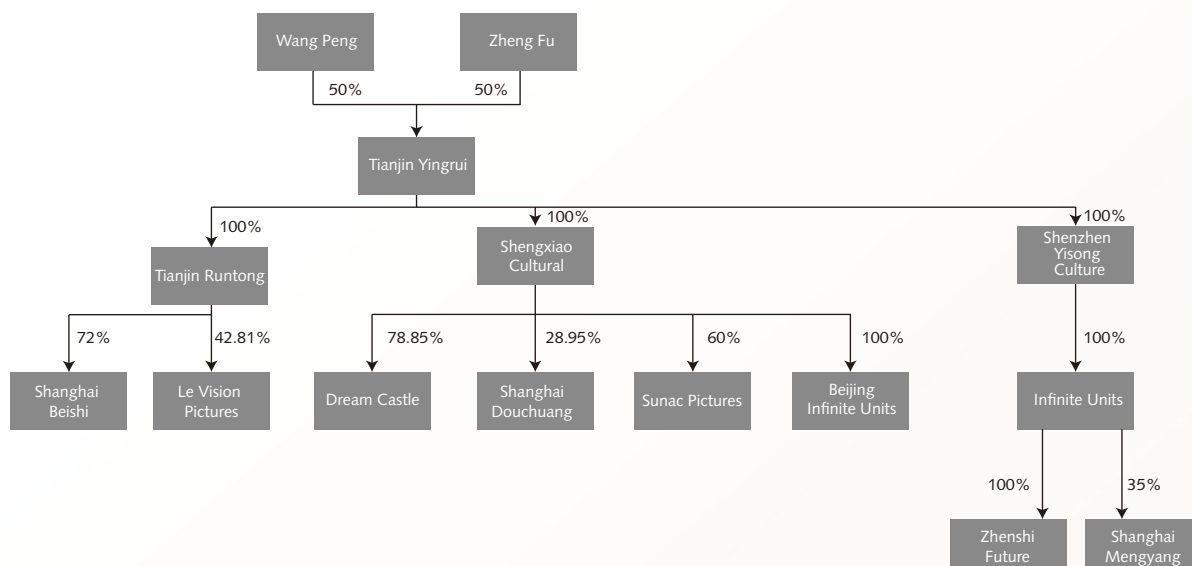
TARGET HOLDING COMPANIES AND TIANJIN YINGRUI

For the financial year ended 31 December 2025 and as of 31 December 2025, the Target Shares were held by the following companies (the “Target Holding Companies”) directly:

1. 聖曉文化娛樂(北京)有限公司 (Shengxiao Cultural Entertainment (Beijing) Co., Ltd.) (“Shengxiao Cultural”) (former name: 融創未來文化娛樂(北京)有限公司), a limited liability company established in China;
2. 深圳依頌文化集團有限公司 (Shenzhen Yisong Culture Group Co., Ltd., former name: 深圳融創文化集團有限公司) (“Shenzhen Yisong Culture”), a limited liability company established in China; and
3. 天津潤通企業管理有限公司 (Tianjin Runtong Enterprise Management Co., Ltd.) (“Tianjin Runtong”), a limited liability company established in China.

The Target Holding Companies above are wholly-owned subsidiaries of 天津盈瑞匯鑫企業管理有限公司 (Tianjin Yingrui Huixin Corporate Management Co., Ltd.) (“Tianjin Yingrui”), a company established in the PRC with limited liability, which is owned as to 50% by Mr. Wang Peng (“Mr. Wang”) and Mr. Zheng Fu (“Mr. Zheng”, together with Mr. Wang, the “Registered Shareholders”), respectively.

As at 31 December 2025, the key shareholding structure of the Contractual Arrangements was as follows:



Note:

1. Infinite Units is a limited company established in the PRC, which is a wholly-owned subsidiary of Shenzhen Yisong Culture. As at 4 February 2024, the 100% equity interest of Zhenshi Future held by Shengxiao Cultural was transferred to Infinite Units. Infinite Units was renamed as 深圳千萬間文化傳播有限公司 (Shenzhen Infinite Units Culture Communication Co., Ltd.) on 26 January 2025.
2. 融創未來影視文化傳媒(北京)有限公司 (Sunac Future Films and Televisions Media (Beijing) Co, Ltd.) was renamed as 北京千萬間文化傳播有限公司 (Beijing Infinite Units Culture Communication Co., Ltd.) on 22 February 2025.
3. 深圳融創文化集團有限公司 (Shenzhen Sunac Culture Group Co., Ltd.) was renamed as 深圳依頌文化集團有限公司 (Shenzhen Yisong Culture Group Co., Ltd.) on 17 March 2025.
4. On 18 December 2025, the 72% equity interests in Shanghai Beishi was changed from being held by Shengxiao Cultural to being held by Tianjin Runtong.

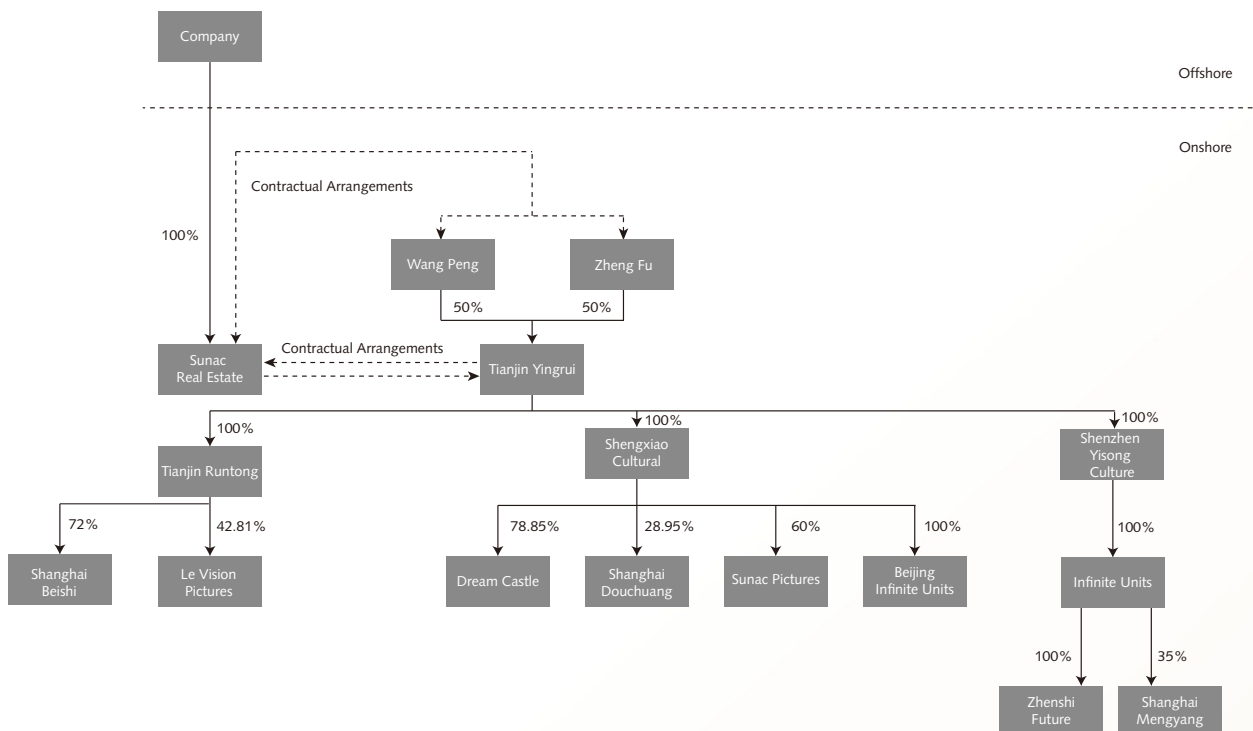
According to the applicable laws and regulations of the PRC, there are restrictions on foreign investment in certain businesses in the existing business and the future business of Le Vision Pictures, Dream Castle, Shanghai Beishi, Shanghai Mengyang, Shanghai Douchuang, Sunac Pictures, Zhenshi Future and Beijing Infinite Units. For those areas where foreign investment is prohibited according to the “Foreign Investment Guidance Catalogue” (《外商投資指導目錄》), foreign investors or their foreign-invested enterprises established in the PRC shall not invest. As such, the Group made investments through the Contractual Arrangements entered in to by Sunac Real Estate, including:

- (i) the exclusive technology consulting and services agreement (the “Exclusive Technology Consulting and Services Agreement”) between Sunac Real Estate and Tianjin Yingrui;
- (ii) the entrustment agreements (the “Entrustment Agreements”) between Sunac Real Estate, Tianjin Yingrui and the Registered Shareholders;
- (iii) the exclusive option agreements (the “Exclusive Option Agreements”) between Sunac Real Estate, Tianjin Yingrui and the Registered Shareholders;
- (iv) the loan agreements (the “Loan Agreements”) with each of the Registered Shareholders as borrowers;
- (v) the equity pledge agreements (the “Equity Pledge Agreements”) between Sunac Real Estate and the Registered Shareholders; and
- (vi) the confirmation letters from the spouses of the Registered Shareholders.

The Company’s legal adviser as to PRC laws, Jincheng Tongda & Neal Law Firm (北京金誠同達律師事務所) (the “PRC Legal Adviser”), is of the opinion that except certain terms of the Contractual Arrangements as set out in the paragraph headed “Risks Relating to the Investments – Certain terms of the Contractual Arrangements may not be enforceable under PRC laws” below, the Contractual Arrangements entered into by Sunac Real Estate are legally binding on and enforceable against each party of each of the agreements in accordance with the terms and provisions under PRC laws and regulations. The Directors therefore believe that save as disclosed, the Contractual Arrangements are enforceable under the relevant laws and regulations in the PRC, and that the Contractual Arrangements provide a mechanism that protects Sunac Real Estate in its acquisition of the economic benefits over the relevant Target Shares.

REPORT OF THE DIRECTORS

The following simplified diagram illustrates the flow of economic benefits in the Target Shares to Sunac Real Estate under the Contractual Arrangements as at the latest practicable date:



(i) Exclusive Technology Consulting and Services Agreement

Sunac Real Estate and Tianjin Yingrui entered into the Exclusive Technology Consulting and Services Agreement, pursuant to which Tianjin Yingrui agrees to engage Sunac Real Estate as its exclusive consulting and service provider. Accordingly, Sunac Real Estate shall provide advice and recommendations to Tianjin Yingrui in respect of, among others, (1) consulting services on the management and operations of Tianjin Yingrui; (2) consulting services on market research and marketing strategies; (3) technical consulting services on processor maintenance and internet platform operating strategies; (4) services on research and development of software products and system maintenance; (5) leasing of computers and other operating equipment to Tianjin Yingrui; (6) services on brand promotion and management; (7) authorising Tianjin Yingrui to use all of Sunac Real Estate's intellectual property on a non-exclusive basis during the course of its business; and (8) provision of human resources support and relevant technical personnel.

Pursuant to the Exclusive Technology Consulting and Services Agreement, Tianjin Yingrui shall pay to Sunac Real Estate a service fee. Subject to the provisions of PRC laws and regulations, the amount is equal to the income of Tianjin Yingrui (including bonus, dividend distribution or any other proceeds or benefits received by Tianjin Yingrui from its investees), after making up for the losses for the previous year (if necessary) and deducting the necessary costs, expenses and taxes required for the business operation, and Sunac Real Estate shall have the right to adjust the level of the service fee based on the actual service scope and with reference to the operating conditions and expansion needs of Tianjin Yingrui. Tianjin Yingrui shall agree to pay the service fee quarterly.

The Exclusive Technology Consulting and Services Agreement is for an initial term of ten years commencing from the date of the agreement, upon the expiry of which the term of the agreement will be extended automatically for another ten years, unless Sunac Real Estate informs Tianjin Yingrui 90 days prior to the expiry date that it will not extend the term. Furthermore, the agreement may be terminated (1) by Sunac Real Estate by giving a 30 days' prior notice of termination; or (2) upon the acquisition of the entire equity interests in, and/or all assets of, Tianjin Yingrui by Sunac Real Estate pursuant to the Exclusive Option Agreements. Tianjin Yingrui is not contractually entitled to terminate the Exclusive Technology Consulting and Services Agreement.

(ii) Entrustment Agreements

Sunac Real Estate, Tianjin Yingrui and the Registered Shareholders entered into the Entrustment Agreements, pursuant to which the Registered Shareholders agree to enter into powers of attorney to irrevocably authorise the Chinese citizens designated by Sunac Real Estate (who shall be the directors and their successors of the direct or indirect shareholders of Sunac Real Estate (except the Registered Shareholders themselves) and who shall not be associates (as defined in the Listing Rules) of the Registered Shareholders) (the "Designated Persons") to exercise all of their rights and powers as shareholders of Tianjin Yingrui. The Designated Persons will act on the Registered Shareholders' behalf on all matters pertaining to Tianjin Yingrui and, to the extent permissible under applicable PRC laws, exercise all of their respective rights as a shareholder thereof, including (1) rights to attend shareholders' meeting; (2) rights to exercise voting rights in a shareholders' meeting on shareholder matters including but not limited to appointment or removal of directors, supervisors and senior management of Tianjin Yingrui and winding up of Tianjin Yingrui; (3) rights to sign minutes or resolutions of shareholders' meetings or other legal documents; (4) rights to instruct directors or the legal representative of Tianjin Yingrui to act in accordance with all their instructions; (5) rights to file documents with relevant governmental authorities or regulatory bodies; (6) rights to decide any transfer or otherwise disposal of the equity interest of the Registered Shareholders in Tianjin Yingrui; and (7) such other shareholders' rights as stipulated under applicable PRC laws, rules and regulations and the articles of association of Tianjin Yingrui.

REPORT OF THE DIRECTORS

The Entrustment Agreements are for an indefinite term commencing from the date of the agreements until they are terminated (1) by Sunac Real Estate by giving a 30 days' prior notice of termination; or (2) upon the acquisition of the entire equity interests in, and/or all assets of, Tianjin Yingrui by Sunac Real Estate pursuant to the Exclusive Option Agreements. The Registered Shareholders and Tianjin Yingrui are not contractually entitled to terminate the Entrustment Agreements.

(iii) Exclusive Option Agreements

Sunac Real Estate, Tianjin Yingrui and the Registered Shareholders entered into the Exclusive Option Agreements, pursuant to which the Registered Shareholders and/or Tianjin Yingrui irrevocably grant to Sunac Real Estate or the person as designated by Sunac Real Estate exclusive options to purchase, to the extent permitted by PRC laws and regulations, their equity interests in Tianjin Yingrui, entirely or partially, at the minimum purchase price permitted by PRC laws and regulations. In addition, pursuant to the Exclusive Option Agreements, the Registered Shareholders and Tianjin Yingrui irrevocably grant to Sunac Real Estate or the person as designated by Sunac Real Estate, exclusive options to acquire, to the extent permitted by PRC laws and regulations, all or part of the assets of Tianjin Yingrui (including but not limited to the entire equity interests in the Target Holding Companies) at the net book value for each option or the minimum purchase price permitted under PRC laws and regulations (whichever is lower). Sunac Real Estate may exercise such options at any time until it or the person designated by it has acquired all equity interests or assets of Tianjin Yingrui or unilaterally terminated the Exclusive Option Agreements by giving 30 days' prior notice, subject to the applicable PRC laws and regulations.

The Exclusive Option Agreements are for an indefinite term commencing from the date of the agreements, until they are terminated (1) by Sunac Real Estate by giving a 30 days' prior notice of termination; or (2) upon the acquisition of the entire equity interests or all assets of, Tianjin Yingrui by Sunac Real Estate or the person designated by it pursuant to the Exclusive Option Agreements. Tianjin Yingrui and the Registered Shareholders are not contractually entitled to terminate the Exclusive Option Agreements.

(iv) Loan Agreements

Sunac Real Estate entered into the Loan Agreements with each of the Registered Shareholders respectively, pursuant to which Sunac Real Estate shall provide a non-interest-bearing loan of RMB5,000,000 to each of the Registered Shareholders for the purposes of capital injection into Tianjin Yingrui. Subject to the terms of the Loan Agreements, the loan shall be for a term of five years commencing from the date of the agreement, upon the expiry of which the term of the agreement will be extended automatically for another five years. During the term of the Loan Agreements, Sunac Real Estate may demand immediate repayment upon the occurrence of certain events set out in the Loan Agreements including the resignation or removal of the Registered Shareholders from office in Sunac Real Estate or its affiliates, the death of the Registered Shareholders, the commission of criminal offences by the Registered Shareholders and the exercise of Sunac Real Estate's right under the Exclusive Option Agreements. When the loan is due, the Registered Shareholders may only repay the loan either by (1) transferring its interest in Tianjin Yingrui to Sunac Real Estate or the person as designated by Sunac Real Estate in accordance with Sunac Real Estate's requirements and to the extent permitted by PRC laws and regulations, or (2) upon the exercise of Sunac Real Estate's right under the Exclusive Option Agreements to acquire the assets of Tianjin Yingrui, using the dividends or other distributions obtained by the Registered Shareholders from Tianjin Yingrui.

The obligations of the Registered Shareholders under the Loan Agreements are secured by the pledge over all the equity interest held by the Registered Shareholders in Tianjin Yingrui in favour of Sunac Real Estate under the relevant Equity Pledge Agreements.

(v) Equity Pledge Agreements

Sunac Real Estate and the Registered Shareholders entered into the Equity Pledge Agreements, pursuant to which the Registered Shareholders shall pledge all of their respective equity interests in Tianjin Yingrui to Sunac Real Estate to secure the performance of all their obligations and the obligations of Tianjin Yingrui and the Target Holding Companies under the Contractual Arrangements. Under the agreement, if any of the Registered Shareholders and/or Tianjin Yingrui and/or the Target Holding Companies breaches any obligation under the Contractual Arrangements, Sunac Real Estate, as the pledgee, is entitled to request the Registered Shareholders to transfer the pledged equity interests, entirely or partially to Sunac Real Estate and/or any entity or person as designated by Sunac Real Estate. In addition, pursuant to the Equity Pledge Agreements, each of the Registered Shareholders undertakes to Sunac Real Estate, among other things, not to transfer the interest in his respective equity interests in Tianjin Yingrui and not to create any pledge thereon without Sunac Real Estate's prior written consent.

The Equity Pledge Agreements are for an indefinite term commencing on the date of the agreement until (1) all the relevant obligations under the Contractual Arrangements have been fulfilled; (2) all the relevant debts under the Contractual Arrangements have been settled; or (3) they are terminated by Sunac Real Estate by giving a 30 days' prior notice of termination. The Registered Shareholders and Tianjin Yingrui (as the case may be) are not contractually entitled to terminate the Equity Pledge Agreements.

(vi) Confirmation letters from the spouse of each Registered Shareholder

The spouse of each Registered Shareholder unconditionally and irrevocably agreed to and confirmed the transaction documents under the Contractual Arrangements signed by the relevant Registered Shareholder, and agreed to dispose of the equity interest in Tianjin Yingrui held by the relevant Registered Shareholder according to the requirements of such documents. The spouse of each Registered Shareholder also unconditionally and irrevocably agreed that such equity interest and all interests related thereto were not matrimonial properties jointly owned by him/her with the relevant Registered Shareholder, such equity interest and all interests related thereto were personal properties of the relevant Registered Shareholder, and might be pledged, sold or otherwise disposed of according to the requirements of the relevant transaction documents, and consent from the relevant spouse was not necessary. The spouse of each Registered Shareholder undertook that he/she will not assert any right or interest, or claim any damages or right, on such equity interest and all interests related thereto under any circumstances.

During the year ended 31 December 2025, there was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted.

MANNER OF SETTLEMENT OF DISPUTES WHICH MAY ARISE FROM THE CONTRACTUAL ARRANGEMENTS

Pursuant to the Contractual Arrangements, any dispute arising from the interpretation and implementation of the Contractual Arrangements between the parties should first be resolved through negotiation, failing which any party may submit the said dispute to the China International Economic and Trade Arbitration Commission ("CIETAC") with a view to resolving the dispute through arbitration in accordance with the arbitration rules of the CIETAC. The results of the arbitration shall be final and binding on all relevant parties.

The Company's PRC Legal Adviser confirmed that the abovementioned proposed dispute resolution provisions set forth in the Contractual Arrangements are in compliance with the PRC laws, legally valid and binding on the relevant signatories. However, the Company's PRC Legal Adviser is also of the opinion that the provisions in the agreements underlying the Contractual Arrangements setting forth that courts in Hong Kong and the Cayman Islands are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal may not be enforceable under the PRC laws, see the paragraph headed "Risks Relating to the Investments – Certain terms of the Contractual Arrangements may not be enforceable under PRC laws" below.

REPORT OF THE DIRECTORS

BUSINESS ACTIVITIES OF TIANJIN YINGRUI AND THE TARGET HOLDING COMPANIES AND THEIR SIGNIFICANCE TO THE GROUP

Tianjin Yingrui and the Target Holding Companies are the contracting entities (the “Contracting Entities”) established in the PRC for the purpose of the Contractual Arrangements and are owned as to 50% by Mr. Wang and 50% by Mr. Zheng. As at 31 December 2025 and up to the latest practicable date prior to the printing of this report, the Contracting Entities were principally engaged in holding equity interests in the Target Companies. Except that Le Vision Pictures, Dream Castle, Shanghai Beishi, Zhenshi Future, Beijing Infinite Units and Sunac Pictures are indirect subsidiaries of the Company, the investment in Shanghai Mengyang and Shanghai Douchuang are accounted for using the equity method and the results of operation and assets and liabilities of Shanghai Mengyang and Shanghai Douchuang are not consolidated into the consolidated financial statements of the Group. Meanwhile, the Contracting Entities are accounted for as subsidiaries of the Company and their results of operation and assets and liabilities are consolidated in the consolidated financial statements of the Group.

The table below sets out the revenue and loss for the year of the Contracting Entities for the year ended 31 December 2025 and the total assets and total liabilities of the Contracting Entities as at 31 December 2025:

	For the year ended 31 December 2025 RMB million	Approximate percentage of contribution to the Group %
Revenue	102	0.23%
Loss for the year	420	3.06%
	As at 31 December 2025 RMB million	Approximate percentage of contribution to the Group %
Total assets	1,295	0.16%
Total liabilities	4,350	0.58%

RISKS RELATING TO THE INVESTMENTS AND MITIGATION ACTIONS TAKEN BY THE COMPANY

If the PRC Government finds that the structure of the Group's investments in the Target Companies (the "Investments") does not comply with the applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, the Investments could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of Sunac Real Estate's interest in the Target Shares.

Some of the businesses in the existing businesses and future intended businesses of the Target Companies have entry barriers for foreign investors, the specific details are as follows:

In respect of Le Vision Pictures, Dream Castle, Shanghai Beishi, Shanghai Mengyang, Shanghai Douchuang, Sunac Pictures, Zhenshi Future and Beijing Infinite Units, among the current principal businesses operated by them, the film distribution, television broadcast program production and operation business, film production, and engagement in internet culture activities belong to prohibited categories of the industries for foreign investments in the "Foreign Investment Guidance Catalogue" (《外商投資指導目錄》).

According to the requirements of Article 4 under the "Rules on Merger and Acquisition of Domestic Enterprises by Foreign Investors" (《關於外國投資者併購境內企業的規定》), for industries prohibited to be operated by foreign investors under the "Foreign Investment Guidance Catalogue" (《外商投資指導目錄》), foreign investors are not allowed to merge with or acquire enterprises engaging in such industries. According to the requirements of Article 3 under the "Provisional Rules on Domestic Investments made by Foreign-invested Enterprises" (《關於外商投資企業境內投資的暫行規定》), domestic investments made by foreign-invested enterprises shall be implemented in line with the requirements of the "Provisional Rules on Guidance for Foreign Investment Direction" (《指導外商投資方向暫行規定》) and "Foreign Investment Guidance Catalogue" (《外商投資指導目錄》), foreign-invested enterprises are prohibited to invest in sectors where foreign investment is forbidden.

To summarize the aforesaid, some of the businesses in the existing businesses and future intended businesses of the Target Companies involved in the transactions have entry barriers for foreign investors, and foreign investors or foreign-invested enterprises established by them within the PRC shall not invest in sectors which belong to prohibited areas for foreign investments under the "Foreign Investment Guidance Catalogue" (《外商投資指導目錄》). Therefore, the Group will invest in such businesses through the Contractual Arrangements. Although the Group does not have any equity interest in the Target Holding Companies, the Group can obtain substantially all economic benefits of the relevant Target Shares through the Contractual Arrangements with Tianjin Yingrui and/or the Target Holding Companies and/or the Registered Shareholders through Sunac Real Estate.

REPORT OF THE DIRECTORS

The Company's PRC Legal Adviser is of the opinion that (i) the above arrangements will not violate the existing PRC laws and regulations; (ii) the agreements under the Contractual Arrangements have been duly executed and delivered, which are legally binding on the signing parties, and the execution and performance of the agreements under the Contractual Arrangements do not violate the existing PRC laws and regulations and the articles of association of the signing parties. Save for the equity pledge under the Equity Pledge Agreements, the execution and effectiveness of the agreements under the Contractual Arrangements do not require the approvals, consent or other legal procedures of the PRC government authorities. When the registration of the equity pledge is duly completed, the equity pledge under the Equity Pledge Agreements will have legal effect; (iii) except for certain terms of the Contractual Arrangements regarding the power of courts in Hong Kong and the Cayman Islands to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal (see the sub-paragraph headed "Certain terms of the Contractual Arrangements may not be enforceable under PRC laws" below), the Contractual Arrangements entered into by Tianjin Yingrui are valid and legally binding and will not result in any violation of the existing PRC laws and regulations; and (iv) there exists no situation under which the Contractual Arrangements entered into by Tianjin Yingrui becomes invalid under Section 52 of the PRC Contract Law (including, without limitation, "concealing illegal intentions with a lawful form"). Under the existing effective laws and regulations, the contracts entered into thereunder will not be regarded as invalid. However, the Company cannot guarantee that the views of the PRC government authorities will be consistent with or similar to those of the Company's PRC legal advisers. Furthermore, the PRC government authorities may adopt new laws and regulations in the future, which may invalidate the Contractual Arrangements.

If the PRC Government or judicial authorities determines that any of the relevant Target Companies, Tianjin Yingrui and the Target Holding Companies or the Contractual Arrangements does not comply with applicable laws and regulations, it could have broad discretion in dealing with such non-compliance, including:

- (i) requiring the nullification of the Contractual Arrangements;
- (ii) levying fines and/or confiscating the proceeds generated from the operations under the Contractual Arrangements;
- (iii) revoking the business licenses or operating licenses of the Target Holding Companies, Tianjin Yingrui, the Target Companies and/or Sunac Real Estate;
- (iv) discontinuing or placing restrictions or onerous conditions on the business operations of the Target Companies, Tianjin Yingrui and/or the Target Holding Companies and/or Sunac Real Estate;
- (v) imposing conditions or requirements which the relevant Target Companies and/or Tianjin Yingrui and/or the Target Holding Companies may not be able to comply with or satisfy;
- (vi) requiring the relevant Target Companies and/or Tianjin Yingrui and/or the Target Holding Companies to undergo a costly and disruptive restructuring; and
- (vii) taking other regulatory or enforcement actions that could be harmful to or even shut down the business.

The imposition of any of the above-mentioned consequences could result in a material and adverse effect on the relevant Target Company's or Tianjin Yingrui's or the Target Holding Companies' ability to conduct its business. In addition, if the imposition of any of these consequences causes Sunac Real Estate to lose its rights to receive its economic benefits arising from the relevant Target Shares, the financial results of the relevant Target Companies as well as the Group's Investments in the relevant Target Companies may be adversely affected.

Sunac Real Estate relies on the Contractual Arrangements to obtain the economic benefits of the relevant Target Shares which may not be as effective in obtaining the economic benefits as direct ownership.

Due to the PRC's legal restrictions on foreign investment in the business conducted by the Target Companies as mentioned above, the Group, through Sunac Real Estate, obtains the economic benefits of the relevant Target Shares through the Contractual Arrangements rather than equity ownership.

However, the Contractual Arrangements may not be as effective in obtaining the economic benefits of the relevant Target Shares as equity ownership. For example, Tianjin Yingrui and/or the Target Holding Companies and/or the Registered Shareholders could breach or fail to perform their obligations under the Contractual Arrangements. If Sunac Real Estate had direct ownership of Tianjin Yingrui and/or the Target Holding Companies and/or the Target Companies, Sunac Real Estate would be able to exercise its rights as a shareholder to effect changes in its board of directors, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management and operational level. Under the Contractual Arrangements, Sunac Real Estate would need to rely on its rights under the Contractual Arrangements to effect such changes, or designate new shareholders of Tianjin Yingrui and/or the Target Holding Companies under the Contractual Arrangements.

If Tianjin Yingrui and/or the Target Holding Companies and/or the Registered Shareholders breach their obligations under the Contractual Arrangements or if Sunac Real Estate loses the economic benefits over the relevant Target Shares for any reason, Sunac Real Estate would need to bring a claim against them under the terms of the Contractual Arrangements. The Contractual Arrangements are governed by the PRC law and provide that any dispute arising from these arrangements will be submitted to the CIETAC for arbitration, the ruling of which will be final and binding. Furthermore, personal liabilities of the shareholders of Tianjin Yingrui and/or the Target Holding Companies may also subject the equity interest they hold in Tianjin Yingrui and/or the Target Holding Companies to court preservation actions or enforcement. The legal framework and system in the PRC, particularly those relating to arbitration proceedings, is not as developed as other jurisdictions such as Hong Kong or the United States of America. As a result, significant uncertainties relating to the enforcement of legal rights through arbitration, litigation and other legal proceedings remain in the PRC, which could limit Sunac Real Estate's ability to enforce the Contractual Arrangements and obtain economic benefits of the relevant Target Shares. If Tianjin Yingrui and/or the Target Holding Companies and/or the Registered Shareholders fails to perform its respective obligations under the Contractual Arrangements, and Sunac Real Estate is unable to enforce the Contractual Arrangements, or suffer significant delay or other obstacles in the process of enforcing the Contractual Arrangements, the Group's Investments in the relevant Target Companies could also be materially and adversely affected.

Certain terms of the Contractual Arrangements may not be enforceable under PRC laws.

The Contractual Arrangements provide for dispute resolution by way of arbitration in accordance with the arbitration rules of the CIETAC in the PRC. The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the shares and/or assets of Tianjin Yingrui and/or the Target Holding Companies, injunctive relief and/or winding up of Tianjin Yingrui and/or the Target Holding Companies. In addition, the Contractual Arrangements contain provisions to the effect that courts in Hong Kong and the Cayman Islands are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal.

REPORT OF THE DIRECTORS

However, the Company's PRC Legal Adviser has advised that the abovementioned provisions contained in the Contractual Arrangements may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final liquidation order to preserve the assets of or any equity interest in Tianjin Yingrui and/or the Target Holding Companies in case of disputes. Therefore, such remedies may not be available to Sunac Real Estate, notwithstanding the relevant contractual provisions contained in the Contractual Arrangements. PRC laws allow an arbitral body to award the transfer of assets of or an equity interest in Tianjin Yingrui and/or the Target Holding Companies in favour of an aggrieved party. In the event of non-compliance with such award, enforcement measures may be sought from the court. However, the court may or may not support the award of an arbitral body when deciding whether to take enforcement measures. Under PRC laws, courts of judicial authorities in the PRC generally would not grant injunctive relief or the winding-up order against Tianjin Yingrui and/or the Target Holding Companies as interim remedies to preserve the assets or shares in favour of any aggrieved party. The Company's PRC Legal Adviser is also of the view that, even though the Contractual Arrangements provide that courts in Hong Kong and the Cayman Islands may grant and/or enforce interim remedies or may be in support of arbitration, such interim remedies (even if so granted by courts in Hong Kong or the Cayman Islands in favour of an aggrieved party) may not be recognized or enforced by PRC courts. As a result, in the event that Tianjin Yingrui and/or the Target Holding Companies and/or the Registered Shareholders breaches any of the Contractual Arrangements, Sunac Real Estate may not be able to obtain sufficient remedies in a timely manner, and its economic benefits in the relevant Target Shares could be materially and adversely affected.

The Contractual Arrangements may lead to an increase in the overall future tax burden of the Group due to factors such as consolidation adjustment or a change in the structure of the Contractual Arrangements. The Group will continue to pay close attention to this.

MITIGATION ACTIONS TAKEN BY THE COMPANY

In light of the risks set out above, the Company would work closely with its external legal advisers and consultants as well as the Registered Shareholders to monitor the regulatory environment and developments in PRC laws and regulations to mitigate the risks associated with the Contractual Arrangements.

In addition, it is the intention of the Company to unwind or partially unwind the Contractual Arrangements when the foreign ownership restriction in respect of the businesses of the Target Companies is lifted or relaxed, to the extent reasonably practicable or advisable for the Company to do so under the then applicable laws and the Group's prevailing circumstances. However, as at the latest practicable date prior to the publication of this report, such foreign ownership restriction remains subsisted in the PRC and therefore the Contractual Arrangements are still subsisting as at the latest practicable date prior to the publication of this report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2025 are set out in note 7 to the consolidated financial statements.

BORROWINGS

Details of borrowings of the Group during the year ended 31 December 2025 are set out in note 24 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2025 are set out in note 22 to the consolidated financial statements.

FINANCIAL SUMMARY

A financial summary of the Group for the year ended 31 December 2025 is set out on page 4 of this annual report.

DIVIDEND POLICY AND FINAL DIVIDEND

DIVIDEND POLICY

The main objective of the Company's dividend policy (the "Dividend Policy") is to provide stable and consistent dividends for shareholders when supported by the Group's earnings while ensuring that sufficient financial resources can be maintained to fund the Group's business growth. According to relevant laws, regulations and the Articles of Association, the Company in general meeting may declare dividends in any currency to be paid to the shareholders of the Company but no dividend shall be declared in excess of the amount recommended by the Board. In deciding whether to propose a dividend payment to shareholders, the Board shall take into account the following factors:

- (i) industry environment and internal and external factors that may affect the business and finance of the Company;
- (ii) financial position, operating results and future development prospect and plan of the Company;
- (iii) statutory, regulatory and contractual restrictions;
- (iv) interests of the shareholders; and
- (v) any other factors the Board deems applicable and relevant.

The Company confirms that all decisions made by the Directors in respect of dividends are in compliance with the Company's Dividend Policy.

The Board will continually review, revise and update the Dividend Policy from time to time. The Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and shall in no way obligate the Company to declare a dividend at any time or from time to time.

FINAL DIVIDEND

The Board did not recommend the declaration of any final dividend for the year ended 31 December 2025 (2024: Nil). Taking into account the net loss recorded by the Group in 2025 and the limited current liquidity, the Board resolved not to declare a dividend for the current year. The Company will continue to strive to create long-term value for its shareholders through methods such as improving operating performance, resolving debt risks relating to property projects and revitalising assets.

There is no arrangement that any shareholder of the Company has waived or agreed to waive any dividend.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, revenue attributable to the largest customer of the Group amounted to approximately 0.08% of the total revenue in the year and the five largest customers of the Group accounted for 0.27% of the Group's total revenue in the year.

For the year ended 31 December 2025, purchases attributable to the largest supplier of the Group amounted to approximately 8.91% of the total purchases in the year and the five largest suppliers of the Group accounted for 22.52% of the Group's total purchases in the year.

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

EQUITY LINKED AGREEMENTS

Save for (i) mandatory convertible bonds issued by the Company in connection with the offshore debt restructuring, details of which were set out in notes 24(B) and 25 to the consolidated financial statements of the Group and (ii) an employee stock ownership plan adopted by the Company on 23 December 2025 (details of which were set out in the section headed "Employee Stock Ownership Plan"), for the year ended 31 December 2025, the Company did not enter into any equity linked agreements.

ISSUE OF NEW SHARES UNDER GENERAL MANDATE

1. IMPLEMENTATION OF THE PAYMENT VIA EQUITY ECONOMIC INCOME RIGHT OPTION IN THE ONSHORE DEBT RESTRUCTURING

To facilitate the orderly implementation of payment via equity economic income right option in the Onshore Debt Restructuring, on 3 July 2025, the Company entered into a subscription agreement with a special purpose vehicle, pursuant to which the special purpose vehicle conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, an aggregate of 754,468,943 shares (with an aggregate nominal value of HK\$75,446,894.30). Such shares represent the cancellation or repayment of the onshore bonds with an aggregate amount of RMB5,588,660,480, i.e. each share could cancel or repay the onshore bonds of approximately RMB7.41 (or approximately HK\$8.05, assuming the exchange rate of HK\$1 to RMB 0.92), which represented a premium of approximately 440.3% over the closing price of HK\$1.49 per Share as quoted on the Stock Exchange on 3 July 2025, being the date of the subscription agreement. The Company allotted and issued such shares on 9 July 2025 under the general mandate. Onshore funds equivalent to the net proceeds from the special purpose vehicle's disposal of such shares will be used to settle the relevant onshore bonds with an aggregate amount of approximately RMB5.6 billion held by onshore bondholders who elected the payment via equity economic income right option. For details, please refer to the Company's announcement dated 4 July 2025.

2. ENTRY INTO THE CHIYU RESTRUCTURING DEED

On 16 December 2025, to restructure the only remaining debt of the Company outside the scope of the holistic offshore debt restructuring, the Company, Sanya Qingtian Tourism Industry Corporation Limited* (三亞青田旅遊產業有限公司) (“Sanya Qingtian”, a subsidiary of the Company) and Chiyu Banking Corporation Limited (“Chiyu”) entered into the Chiyu restructuring deed. As at the date of the Chiyu restructuring deed, the outstanding principal of such loan was HK\$858 million. Pursuant to the Chiyu restructuring deed, upon the Chiyu restructuring effective date, all outstanding amounts owed by the Company and Sanya Qingtian to Chiyu under the Chiyu finance documents has been restructured as follows: (a) an amount equivalent to 35% of the Chiyu outstanding principal (i.e., HK\$300.3 million) has been restated as the Chiyu restated loan, which has a ten-year extension period; and (b) the remaining outstanding amount has been deemed irrevocably and unconditionally discharged by way of the allotment and issue of 279,212,879 new Shares (with an aggregate nominal value of HK\$27,921,287.90) by the Company to Chiyu at the issue price of HK\$3.85 per Share, which represented a premium of approximately 196.15% over the closing price of HK\$1.30 per Share as quoted on the Stock Exchange on 16 December 2025, being the date of the Chiyu restructuring deed. The Company issued such Shares under general mandate on 29 December 2025. whereupon the Group repaid debt of approximately HK\$775 million by the issue of such shares, which represented a discharge of approximately HK\$2.77 of the debt under the Chiyu finance documents by each Share. Please refer to the announcement of the Company dated 17 December 2025 for details.

COMPLETION OF ONSHORE DEBT RESTRUCTURING

Sunac Real Estate Group Co., Ltd.* (融創房地產集團有限公司) (“Sunac Real Estate”, a wholly-owned subsidiary of the Company) has restructured a total of ten onshore corporate bonds and supply chain asset-backed special plans (collectively, the “Onshore Bonds”) issued by it (the “Onshore Debt Restructuring”). The restructuring plans of the ten Onshore Bonds have all been considered and approved at the relevant meetings of bondholders between December 2024 to January 2025.

As of 31 December 2025, Sunac Real Estate has fully implemented the onshore bonds repurchase option, the payment via equity economic income right option and the debt settlement with asset option under the terms of the Onshore Debt Restructuring, and has repaid the Onshore Bonds totalling approximately RMB10.6 billion, while the remaining Onshore Bonds with an amount of approximately RMB4.8 billion have been extended with the last maturity date being June 2034.

REPORT OF THE DIRECTORS

COMPLETION OF THE HOLISTIC OFFSHORE DEBT RESTRUCTURING

On 23 December 2025, all conditions precedent to the holistic offshore debt restructuring have been satisfied by the Company, and the restructuring effective date occurred on 23 December 2025. The Company's existing debt of approximately US\$9.6 billion has been fully released and discharged. In consideration thereof, the Company issued MCB 1 and MCB 2 with a total amount of approximately US\$9.659 billion to the scheme creditors on the restructuring effective date in accordance with the terms of the scheme. The principal amount of MCB 1 issued was US\$7,258,934,519, convertible into 8,326,424,889 Shares (with an aggregate nominal value of HK\$832,642,488.9) at the initial conversion price of HK\$6.80 per Share (representing a premium of approximately 330.38 % over the closing price of HK\$1.58 per Share as quoted on the Stock Exchange on 17 April 2025, being the date of the restructuring support agreement) and based on the agreed exchange rate of US\$1=HK\$7.80. The principal amount of MCB 2 issued was US\$2,400,133,056, convertible into 4,862,607,230 Shares (with an aggregate nominal value of HK\$486,260,723.0) at the initial conversion price of HK\$3.85 per Share (representing a premium of approximately 143.67% over the closing price of HK\$1.58 per Share as quoted on the Stock Exchange on 17 April 2025, being the date of the restructuring support agreement) and based on the agreed exchange rate of US\$1=HK\$7.80. Please refer to the announcement of the Company dated 23 December 2025 for details.

ISSUE OF NEW SHARES UPON CONVERSION OF CONVERTIBLE BONDS

On 20 November 2023, the Company completed the first offshore debt restructuring, pursuant to which convertible bonds ("Original CB"), mandatory convertible bonds (the "Original MCB") and shareholder mandatory convertible bonds ("Shareholder MCB") were issued as consideration for the offshore debt restructuring. On 17 April 2025, the Company launched the second holistic offshore debt restructuring plan, which included the remaining unconverted Original CB, Original MCB, Shareholder MCB and certain other offshore debts (collectively, the "Existing Debt") within the scope of the restructuring. The total amount of the Existing Debt was approximately US\$9.60 billion. On 23 December 2025, the Company completed the holistic offshore debt restructuring, pursuant to which the Existing Debt of approximately US\$9.60 billion was fully released and discharged. As consideration for such restructuring, the Company issued US\$7,258,934,519 in principal amount of mandatory convertible bonds 1 ("MCB 1") and US\$2,400,133,056 in principal amount of mandatory convertible bonds 2 (the "MCB 2", together with the "MCB 1", the "MCB") to the scheme creditors on the restructuring effective date (i.e., 23 December 2025) in accordance with the terms of the scheme. Among these, the Company issued an aggregate of US\$12,175,286 in principal amount of the MCB to Sunac International Investment Holdings Ltd ("Sunac International", as a scheme creditor), including US\$6,937,087 of MCB 1 and US\$5,238,199 of MCB 2. In addition, pursuant to the shareholding structure stability arrangement in the restructuring plan, for every US\$100 in principal amount of the MCB allocated to scheme creditors, US\$23 in principal amount of the MCB would be issued to Mr. Sun Hongbin or his designee(s). Based on the actual receipt of the MCB by the scheme creditors, on 23 December 2025, an aggregate of US\$1,965,372,337 in principal amount of the MCB was issued to Sun Holdings II LLC, the designee of Mr. Sun Hongbin, including US\$1,413,344,178 of MCB 1 and US\$552,028,159 of MCB 2. For details of the holistic offshore debt restructuring, please refer to the announcements and circulars of the Company during the period from 17 April 2025 to 23 December 2025.

During the year ended 31 December 2025, due to the conversion of the Original MCB, the Shareholder MCB and MCB 1 into shares of the Company (the "Shares"), the Company issued a total of 2,280,745,171 new Shares. Among them, (1) US\$621,008,571 in principal amount of the Original MCB had been converted into 1,210,966,673 Shares; (2) US\$101,619,666 in principal amount of the Shareholder MCB had been converted into 198,158,348 Shares; and (3) US\$759,873,990 in principal amount of MCB 1 had been converted into 871,620,150 Shares.

DILUTIVE IMPACT OF THE CONVERSION OF THE MCB 1 AND MCB 2

The MCB 1 will be mandatorily converted into Shares upon maturity on 23 June 2026, and the MCB 2 will be mandatorily converted into Shares upon maturity on 23 June 2028.

As at 31 December 2025, MCB 1 in principal amount of US\$1,055,429,372 was in holding period trust. Pursuant to the shareholding structure stability arrangement, for every US\$100 in principal amount of MCBs attributable to the scheme creditors, US\$23 out of those MCBs would instead issued to Mr. Sun Hongbin or his designated person(s). Assuming that all such residual MCB 1 will be claimed by and distributed to residual scheme creditors, MCB 1 in principal amount of US\$812,680,616 will be issued to such residual scheme creditors and MCB 1 in principal amount of US\$242,748,756 will be issued to Sun Holdings II LLC as designated person of Mr. Sun Hongbin. In this scenario, assuming (i) the full conversion of MCB 1 with an outstanding principal amount of US\$6,499,060,529 at the initial conversion price of HK\$6.80 per share, and (ii) the full conversion of MCB 2 with an outstanding principal amount of US\$2,400,133,056 at the initial conversion price of HK\$3.85 per share, in each case based on the agreed exchange rate of US\$1 = HK\$7.8, (x) such MCB 1 could be converted into 7,454,804,724 Shares, and (y) such MCB 2 could be converted into 4,862,607,230 Shares. Such conversion shares in a total number of approximately 12,317,411,954 represented approximately 97.60% of the total number of Shares in issue as at 31 December 2025, and approximately 49.39% of the total number of Shares in issue as enlarged by the allotment and issue of such conversion shares (assuming no other change in the issued share capital of the Company).

Assuming that no residual MCB 1 will be claimed by and distributed to residual scheme creditors, such residual MCB 1 will ultimately be cancelled. In this scenario, assuming (i) the full conversion of MCB 1 with an outstanding principal amount of US\$5,443,631,157 at the initial conversion price of HK\$6.80 per share, and (ii) the full conversion of MCB 2 with an outstanding principal amount of US\$2,400,133,056 at the initial conversion price of HK\$3.85 per share, in each case based on the agreed exchange rate of US\$1 = HK\$7.8, (x) such MCB 1 could be converted into 6,244,165,150 Shares, and (y) such MCB 2 could be converted into 4,862,607,230 Shares. Such conversion shares in a total number of approximately 11,106,772,380 represented approximately 88.00% of the total number of Shares in issue as at 31 December 2025, and approximately 46.81% of the total number of Shares in issue as enlarged by the allotment and issue of such conversion shares (assuming no other change in the issued share capital of the Company).

REPORT OF THE DIRECTORS

Set out below is the dilution effect on the equity interest of the substantial shareholders (within the meaning of the Listing Rules) of the Company if there had been full conversion of the outstanding MCB 1 and MCB 2 as at 31 December 2025:

	As at 31 December 2025		Upon full conversion of the outstanding MCB 1 and MCB 2 as at 31 December 2025 (assuming that all residual MCB 1 will be claimed by and distributed to the residual scheme creditors)		Upon full conversion of the outstanding MCB 1 and MCB 2 as at 31 December 2025 (assuming that no residual MCB 1 will be claimed by and distributed to the residual scheme creditors)	
	Number of Shares held	Approximate percentage of shareholding ³	Number of Shares held	Approximate percentage of shareholding ⁴	Number of Shares held	Approximate percentage of shareholding ⁵
Sunac International ¹	2,673,120,987	21.18%	2,691,690,688	10.79%	2,691,690,688	11.34%
Sun Holdings II LLC ²	–	–	3,018,030,723	12.10%	2,739,583,621	11.55%
South Dakota Trust Company LLC ^{1&2}	2,721,826,987	21.57%	5,758,427,411	23.09%	5,479,980,309	23.10%

Notes:

- As at 31 December 2025, Sunac International Investment Holdings Ltd (“Sunac International”) held US\$6,937,087 of MCB 1 and US\$5,238,199 of MCB 2. Upon full conversion of the MCB based on the initial conversion price of HK\$6.80 per share for MCB 1, the initial conversion price of HK\$3.85 per share for MCB 2 and the agreed exchange rate of US\$1 = HK\$7.8, 18,569,701 Shares will be allotted and issued to Sunac International. 48,706,000 Shares were held by 天津標的企業管理有限公司 (for identification only, Tianjin Biaodi Enterprise Management Limited (“Tianjin Biaodi”). 70% of the issued shares of Sunac International and all the shares of Tianjin Biaodi were held by Sunac Holdings LLC. All issued shares of Sunac Holdings LLC were held by the HBS Family Trust (the “Family Trust”). South Dakota Trust Company LLC was the trustee of the Family Trust. The Family Trust was established by Mr. Sun Hongbin, and Mr. Sun Hongbin and some of his family members were the beneficiaries of the Family Trust.
- As at 31 December 2025, Sun Holdings II LLC held US\$1,413,344,178 of MCB 1 and US\$552,028,159 of MCB 2. Upon full conversion of the MCB based on the initial conversion price of HK\$6.80 per share for MCB 1, the initial conversion price of HK\$3.85 per share for MCB 2 and the agreed exchange rate of US\$1 = HK\$7.8, 2,739,583,621 Shares will be allotted and issued to Sun Holdings II LLC. Assuming that no residual MCB 1 will be claimed by and distributed to residual scheme creditors, such residual MCB 1 will ultimately be cancelled and no further MCB 1 will be issued to Sun Holdings II LLC as designated person of Mr. Sun Hongbin under the shareholding structure stability arrangement. Assuming that all such residual MCB 1 will be claimed by and distributed to residual scheme creditors, further MCB 1 in principal amount of US\$242,748,756 will be issued to Sun Holdings II LLC. Upon full conversion of such MCB 1 based on the initial conversion price of HK\$6.80 per share for MCB 1 and the agreed exchange rate of US\$1 = HK\$7.8, an additional 278,447,102 Shares will be allotted and issued to Sun Holdings II LLC. All the equity interests of Sun Holdings II LLC were held by a family trust newly established by Mr. Sun Hongbin (the “New Family Trust”). South Dakota Trust Company LLC was the trustee of the New Family Trust. Mr. Sun Hongbin and some of his family members were the beneficiaries of the New Family Trust.
- As at 31 December 2025, the total number of issued shares of the Company was 12,620,676,572.
- Assuming the issued shares of the Company will be 24,938,088,526 shares (being the sum of 12,620,676,572 issued shares as at 31 December 2025 and 12,317,411,954 MCB conversion shares).
- Assuming the issued shares of the Company will be 23,727,448,952 shares (being the sum of 12,620,676,572 issued shares as at 31 December 2025 and 11,106,772,380 MCB conversion shares).

As calculation based on loss attributable to owners of the Company of approximately RMB12.33 billion for the year ended 31 December 2025, the Company’s basic loss per Share amounted to RMB1.14 and diluted loss per Share amounted to RMB1.14.

The MCB is mandatorily convertible into Shares upon maturity and will not be redeemed by cash.

It would be equally financially advantageous for the holders of the MCB to convert or redeem the shares thereunder based on the implied internal rate of return thereof, when the Company's share price approximates to the conversion price in the future.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save as disclosed in the section headed "Share Award Scheme" of this Report of the Directors, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of any treasury shares) during the year ended 31 December 2025. Details of movements in the share capital of the Company during the year ended 31 December 2025 are set out in note 20 to the consolidated financial statements of the Group.

As of 31 December 2025, the Company did not hold any treasury shares.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

1. DISMISSAL OF THE WINDING-UP PETITION

On 10 January 2025, the Company received a winding-up petition (the "Petition") filed by China Cinda (HK) Asset Management Co., Limited (the "Petitioner") at the High Court of the Hong Kong Special Administrative Region (the "High Court") in relation to the non-repayment of the loan to the Petitioner as lender by Shining Delight Investment Limited (an indirect wholly owned subsidiary of the Company) as borrower and the Company as guarantor, in the aggregate principal amount of US\$30,000,000 and accrued interests. At the hearing of the High Court on 24 March 2025, the High Court ordered the hearing of the Petition to be adjourned to 28 April 2025.

Following the completion of the Company's holistic offshore debt restructuring including the above loan on 23 December 2025, and upon the joint application of the Company and the Petitioner by way of consent summons, an order was made by the High Court on 5 January 2026 that the Petition be dismissed.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the year ended 31 December 2025 and as of the date of this report are set out below:

EXECUTIVE DIRECTORS

Mr. Sun Hongbin (*Chairman*)
Mr. Wang Mengde (*Chief Executive Officer*)
Ms. Ma Zhixia
Mr. Tian Qiang (*resigned on 31 December 2025*)
Mr. Huang Shuping
Mr. Sun Kevin Zheyi

NON-EXECUTIVE DIRECTOR

Mr. Lam Wai Hon (*resigned on 20 November 2025*)

REPORT OF THE DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Poon Chiu Kwok
Mr. Zhu Jia
Mr. Ma Lishan
Mr. Yuan Zhigang

The biographical details of the Directors and senior management are set out under the section “Biographies of Directors and Senior Management” of this annual report.

In accordance with articles 84(1) and 84(2) of the articles of association of the Company, the Company will arrange for not less than 1/3 of its Directors to retire by rotation at the AGM. The Nomination Committee of the Company will review and recommend the re-election of retiring Directors by rotation with reference to the Nomination Policy and the Board Diversity Policy set out in “Nomination Committee” under the “Corporate Governance Report” in this annual report.

PARTICULARS OF DIRECTORS' SERVICE CONTRACTS

EXECUTIVE DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for a term of three years. Either party has the right to give not less than three months' prior written notice at any time during term of office to terminate the contract.

Each of the executive Directors is entitled to a salary and bonus payment, allowance and benefits-in-kind, at the discretion of the Board, and social welfare benefits provided under the relevant PRC laws and regulations. The aggregate amount of annual salary of the six executive Directors who served during the year ended 31 December 2025 is approximately RMB4.72 million.

NON-EXECUTIVE DIRECTOR

A non-executive Director has entered into an appointment letter with the Company for a term of two years. The annual fee payable to the non-executive Director currently holding office under the appointment letter is HKD400,000. Mr. Lam Wai Hon, the sole non-executive Director of the Company, resigned from his position as non-executive Director on 20 November 2025.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of two years. The aggregate amount of annual fees payable to the four independent non-executive Directors currently holding office under the appointment letters is HKD1.7 million.

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

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers that each of the independent non-executive Directors, namely Mr. Poon Chiu Kwok, Mr. Zhu Jia, Mr. Ma Lishan and Mr. Yuan Zhigang to be independent.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

For the year ended 31 December 2025, the five highest paid individuals of the Group were not Directors of the Company or senior management, and were all employees, whose emoluments are as follows:

	Year ended 31 December 2025 RMB'000
Salary	10,050
Discretionary bonuses	2,224
Share award expenses	2,824
Employer's contribution to retirement benefit scheme and other benefits	484

None of the Directors waived his or her emoluments or has agreed to waive his or her emoluments for the year ended 31 December 2025.

The annual emoluments of the above five highest paid individuals by band for the year ended 31 December 2025 are as follows:

Remuneration Bands (RMB)	Number of Individuals
2,000,001–2,500,000	2
2,500,001–3,000,000	1
3,500,001–4,000,000	1
4,500,001–5,000,000	1

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

Save as disclosed in the section headed "CONNECTED TRANSACTION" in this report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or his connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2025, none of the Company's Directors had interests in any businesses apart from the Group's businesses which competed or was likely to compete, either directly or indirectly, with the businesses of the Group.

MANAGEMENT CONTRACTS

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

REPORT OF THE DIRECTORS

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the sections headed “Share Award Scheme” and “Employee Stock Ownership Plan”, at no time during the year were there any rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director of the Company or their respective spouses or children under 18 years of age, nor were there any such rights exercised by them. Also, there was no arrangement to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries is a party that would enable the Directors to acquire such rights in any aforementioned body corporate.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2025, certain Directors and their close family members, and companies controlled by certain Directors and/or their close family members entered into transactions with the Group which are set out in note 42 (Related party transactions) to the consolidated financial statements of the Group. None of these related party transactions constitutes a connected transaction of the Company as defined under Chapter 14A of the Listing Rules that needs to be disclosed or a connected transaction of the Company which is not fully exempted as defined under Rule 14A.73 of the Listing Rules.

CONNECTED TRANSACTION

Sunac International was originally the holder of certain mandatory convertible bond in an aggregate principal amount of US\$15,812,060.00. Such bonds were an in-scope debt under the scheme and, similar to other in-scope debts, were exchanged into new mandatory convertible bonds of the Company in an aggregate principal amount of US\$12,175,286 in the holistic offshore debt restructuring of the Company completed on 23 December 2025.

As part of the holistic offshore debt restructuring, to 1) maintain a stable shareholding structure; 2) ensure the continued contribution of Mr. Sun Hongbin to the Group’s ongoing debt risk resolution and long-term business recovery; and 3) strengthen stakeholder confidence and better facilitate resource integration, for every US\$100 in principal amount of MCBs attributable to the scheme creditors (including those attributable to Sunac International), US\$23 out of those MCBs were instead issued to Mr. Sun Hongbin or his designated person(s).

Each of Mr. Sun Hongbin and Sunac International is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the above MCB issue constituted a connected transaction for the Company and was subject to the reporting, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. The above MCB issue and the transactions contemplated thereunder were approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 9 September 2025. Further details about the MCB issue are set out in the circular of the Company dated 22 August 2025.

SHARE AWARD SCHEME

The Board has resolved to adopt a share award scheme (the “Share Award Scheme”) on 8 May 2018 (the “Adoption Date”), in order to:

- (i) provide incentives for the employees of the Group to continuously make greater contributions for the Company's long-term growth in the future; and
- (ii) attract and retain talented employees who may be beneficial to the growth and development of the Group.

The Board may, from time to time, select employees to join the Share Award Scheme and determine the number of awards to be granted in accordance with the rules of the Share Award Scheme.

According to the Share Award Scheme, the Company will entrust the trustee to purchase the Company's Shares in the open market based on the overall remuneration incentive plan. The trustee will hold such Shares on behalf of the relevant selected employees on trust, until such Shares are vested with the relevant selected employees in accordance with the rules of the Share Award Scheme.

Unless early terminated by the Board, the Share Award Scheme shall be effective for ten years from the Adoption Date. As at the date of this report, the remaining term of the Share Award Scheme was approximately two years.

The aggregated maximum number of Shares that the trustee may purchase must not exceed 5% of the total Shares in issue of the Company on the Adoption Date, which is 220,113,960 Shares.

During the period from the Adoption Date to 30 June 2019, the trustee of the Share Award Scheme purchased on the open market a total of 94,653,000 Shares at the total consideration of approximately HKD2.57 billion pursuant to the rules of the Share Award Scheme and the terms of the trust deed. Since 30 June 2019 and for the year ended 31 December 2025, the trustee of the Share Award Scheme did not purchase any Shares.

Therefore, as of 31 December 2025, the trustee might further purchase 125,460,960 Shares on the open market for the purpose of the Share Award Scheme, representing approximately 0.76% of the Shares in issue as at the date of this report.

There is no provision on the minimum vesting period in the Share Award Scheme. Subject to the fulfilment of all the vesting conditions as designated by the Board at the time of grant by a selected employee who is, therefore, entitled to the awarded Shares, the trustee shall transfer the vested Shares to the selected employee at nil consideration.

From the Adoption Date to 31 December 2025, there have been a total of 57,505,000 awarded Shares initially granted to selected employees (the number of awarded Shares actually granted amounts to 50,305,000 Shares in total excluding the number of awarded Shares lapsed due to reasons such as the resignation of certain selected employees) under the Share Award Scheme on a cumulative basis, and there was no awarded Shares granted in 2025 (2024: Nil).

The number of awarded Shares available for grant under the Share Award Scheme at the beginning and the end of the year ended 31 December 2025 were 169,413,960 and 169,808,960 respectively, representing approximately 1.02% and 1.02% respectively of the Shares in issue as of the date of this report.

REPORT OF THE DIRECTORS

Details of the awards granted under the Share Award Scheme for the year ended 31 December 2025 were as follows.

Name of grantees	Number of awards granted as at	Number of awards granted as at	Number of awards granted as at	Total number of awards granted ¹	Number of awards unvested as at	Number of awards granted during the year ended	Number of awards vested during the year ended	Number of awards cancelled during the year ended	Number of awards lapsed during the year ended	Number of awards unvested as at
	1 April 2019	1 April 2020	1 April 2021		1 January 2025	31 December 2025	31 December 2025	31 December 2025	31 December 2025	31 December 2025
Directors										
Mr. Sun Hongbin	-	-	-	-	-	-	-	-	-	-
Mr. Wang Mengde	1,000,000	800,000	900,000	2,700,000	1,860,000	-	-	-	-	1,860,000
Ms. Ma Zhixia	600,000	550,000	450,000	1,600,000	1,075,000	-	-	-	-	1,075,000
Mr. Tian Qiang ²	900,000	800,000	650,000	2,350,000	1,570,000	-	-	-	-	1,570,000
Mr. Huang Shuping	500,000	500,000	400,000	1,400,000	950,000	-	-	-	-	950,000
Mr. Sun Kevin Zheyi	300,000	270,000	300,000	870,000	609,000	-	-	-	-	609,000
Employees	17,740,000	16,855,000	13,990,000	48,585,000	26,307,500	-	-	-	395,000	25,912,500
All employees of the Group	21,040,000	19,775,000	16,690,000	57,505,000 ¹	32,371,500	-	-	-	-	31,976,500
Five highest paid individuals³	910,000	910,000	250,000	2,070,000	1,251,000	-	-	-	-	1,251,000

Notes:

- All awarded Shares granted would be vested in three years, with 30%, 30% and 40% to be vested on the day before the first, the second and the third anniversary of the granting date of the Company's awarded Shares respectively. Taking into account the current industry conditions and the Company's business situation, the Board has resolved to suspend the vesting of awarded Shares granted to directors and employees from 2019 to 2021.
- Mr. Tian Qiang resigned as an executive Director from 31 December 2025.
- The five highest paid individuals in 2025 were all employees of the Group.
- After excluding the number of awarded Shares lapsed due to reasons such as the resignation of certain selected employees, the number of awarded Shares actually granted amounts to 50,305,000 Shares in total.

Pursuant to the terms of the Share Award Scheme of the Company, the Company will not issue any new Shares in respect of the awards granted under the Share Award Scheme. Therefore, the number of new Shares that may be issued in respect of awards granted under all share award schemes of the Company during the year ended 31 December 2025 divided by the weighted average number of Shares in issue for this year is not applicable.

EMPLOYEE STOCK OWNERSHIP PLAN

On 23 December 2025, the Company adopted the employee stock ownership plan (the “ESOP”), details of which are set out below:

1. PURPOSE

The purpose of the ESOP is to incentivize eligible participants to continue to contribute to the Group in the future by providing them with long-term supplementary form of remuneration, in order to promote the continuous operations of the Group and the long-term business recovery and growth of the Group. The ESOP will give the eligible participants an opportunity to have a personal stake in the Company and will help motivate the eligible participants in optimising their performance and efficiency and stabilize the workforce and attract and retain the eligible participants whose contributions are important to the long-term business recovery and growth of the Group.

2. ELIGIBLE PARTICIPANTS

The eligible participants are the employee participants and the related entity participants.

Employee participants are the directors and employees (whether full-time, part-time or other employment arrangement) of any member of the Group (including persons who are granted share awards under the ESOP as inducement to enter into employment contracts with any member of the Group).

Related entity participants are the directors and employees (whether full-time, part-time or other employment arrangement) of any related entity, being any joint ventures and associates of the Company.

3. THE TOTAL NUMBER OF SHARES AVAILABLE FOR ISSUE UNDER THE ESOP TOGETHER WITH THE PERCENTAGE OF THE ISSUED SHARES (EXCLUDING TREASURY SHARES) THAT IT REPRESENTS AS AT THE DATE OF THIS ANNUAL REPORT

Since the date of adoption of the ESOP and as of 31 December 2025, no grant of share award has been made under the ESOP.

As of 1 January 2025 and 31 December 2025, the number of awards available for grant under the scheme mandate was 0 shares and 1,146,984,354 shares, respectively.

The total number of shares available for issue under the ESOP is 1,146,984,354 shares, representing approximately 6.91% of the issued shares (excluding treasury shares) as at the date of this annual report.

4. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

Where any grant of a share award to an eligible participant would result in the shares issued and to be issued (including any transfer of treasury shares of the Company) in respect of all awards granted to such eligible participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in the twelve (12) – month period up to and including the date of such grant representing in aggregate exceeding 1% of the shares in issue (excluding treasury shares), such grant must be separately approved by the shareholders in a general meeting of the Company with such eligible participant and the person’s close associates (or associates if the eligible participant is a connected person) abstaining from voting.

REPORT OF THE DIRECTORS

5. PERIOD WITHIN WHICH THE SHARE AWARDS MAY BE EXERCISED BY THE GRANTEES

The period within which the share awards may be exercised by the grantees is to be determined and notified by the Company to the grantee at the time of making an offer provided that such period shall not go beyond the day immediately prior to the tenth (10th) anniversary of the offer date with respect of the relevant share award.

6. VESTING PERIOD

Save for the circumstances prescribed in the terms of the ESOP, a share award must be held by the grantee for a period that is not shorter than the minimum period (a period of twelve (12) months commencing on the offer date) before the share award can be exercised or deemed exercised.

7. THE AMOUNT PAYABLE ON APPLICATION OR ACCEPTANCE OF THE SHARE AWARD AND THE PERIOD WITHIN WHICH PAYMENT MUST BE PAID

An offer shall remain open for acceptance by the eligible participant concerned (and by no other person, including the eligible participant's personal representative) for a period of twenty-one (21) days from the date of the offer.

An offer shall be deemed to have been accepted by an eligible participant concerned in respect of all the award shares which are offered to such eligible participant when the duplicate letter comprising acceptance of the offer duly signed by the eligible participant, together with a payment in favour of the Company of RMB1.00 or such other amount (if any) as may be determined by the Board as consideration for the grant thereof, is received by the Company.

8. BASIS OF DETERMINING THE PURCHASE PRICE (IF ANY)

With respect to a particular share award, the price per share at which the relevant grantee is required to pay to purchase or receive the Shares comprising the share award, shall be nil, taking into account the purpose of the ESOP as set out above.

9. REMAINING LIFE OF THE ESOP

The ESOP was adopted on 23 December 2025 and shall be valid and effective until 22 December 2035, being the date which falls on the date immediately prior to the tenth anniversary of such date, unless terminated earlier in accordance of the terms of the ESOP. The remaining life of the ESOP is approximately nine years and eight months.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 December 2025, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix C3 to the Listing Rules, are set out below:

(I) INTERESTS IN SHARES OF THE COMPANY (LONG POSITION)

Name of Director	Nature of Interest	Number of Ordinary Shares of the Company	Approximate Percentage of Interest in the Company ²
Mr. Sun Hongbin	Interest in controlled corporations ¹	2,721,826,987	21.57%
	Beneficial owner	19,930,000	0.16%
Mr. Wang Mengde	Beneficial owner	17,177,000	0.14%
Ms. Ma Zhixia	Beneficial owner	3,829,000	0.03%
Mr. Tian Qiang (resigned on 31 December 2025)	Beneficial owner	6,982,000	0.06%
Mr. Huang Shuping	Beneficial owner	5,400,000	0.04%
Mr. Sun Kevin Zheyi	Beneficial owner	261,000	0.002%

Notes:

- These 2,721,826,987 Shares were held as to 2,673,120,987 Shares by Sunac International and 48,706,000 Shares by 天津標的企業管理有限公司 (for identification only, Tianjin Biaodi Enterprise Management Limited) ("Tianjin Biaodi"). 70% of the issued shares of Sunac International and all the shares of Tianjin Biaodi were held by Sunac Holdings LLC. All issued shares of Sunac Holdings LLC were held by the Family Trust. The Family Trust was established by Mr. Sun Hongbin in December 2018, with South Dakota Trust Company LLC as the trustee and Mr. Sun Hongbin and some of his family members as the beneficiaries. In accordance with the SFO, Mr. Sun Hongbin was deemed to be interested in the aforesaid Shares.
- Calculated on the basis of 12,620,676,572 Shares in issue as at 31 December 2025.

REPORT OF THE DIRECTORS

(II) INTERESTS IN THE UNDERLYING SHARES OF THE COMPANY (LONG POSITION)

Name of Director	Number of Conversion Shares under the MCB ¹	Number of Unvested Shares Awarded under the Share Award Scheme	Approximate Percentage of Interest in the Company in Total ²
Mr. Sun Hongbin	2,758,153,322	–	21.85%
Mr. Wang Mengde	–	1,860,000	0.01%
Ms. Ma Zhixia	–	1,075,000	0.01%
Mr. Tian Qiang (resigned on 31 December 2025)	–	1,570,000	0.01%
Mr. Huang Shuping	–	950,000	0.01%
Mr. Sun Kevin Zheyi	–	609,000	0.005%

Notes:

- As of 31 December 2025, the MCB 1 in aggregate outstanding principal amount of US\$6,937,087 and the MCB 2 in aggregate outstanding principal amount of US\$5,238,199 were held by Sunac International. Upon full conversion of the MCB based on the initial conversion price of HK\$6.80 per share for MCB 1, the initial conversion price of HK\$3.85 per share for MCB 2 and the agreed exchange rate of US\$1 = HK\$7.8, 18,569,701 Shares will be allotted and issued to Sunac International. 70% of the issued shares of Sunac International were held by Sunac Holdings LLC. All issued shares of Sunac Holdings LLC were held by the Family Trust. South Dakota Trust Company LLC was the trustee of the Family Trust. The Family Trust was established by Mr. Sun Hongbin, and Mr. Sun Hongbin and some of his family members were the beneficiaries of the Family Trust. As of 31 December 2025, the MCB 1 in aggregate outstanding principal amount of US\$1,413,344,178 and the MCB 2 in aggregate outstanding principal amount of US\$552,028,159 was held by Sun Holdings II LLC. Upon full conversion of the MCB based on the initial conversion price of HK\$6.80 per share for MCB 1, the initial conversion price of HK\$3.85 per share for MCB 2 and the agreed exchange rate of US\$1 = HK\$7.8, 2,739,583,621 Shares will be allotted and issued to Sun Holdings II LLC. All the equity interests of Sun Holdings II LLC were held by the New Family Trust. South Dakota Trust Company LLC was the trustee of the New Family Trust. Mr. Sun Hongbin and some of his family members were the beneficiaries of the New Family Trust. Mr. Sun Hongbin was deemed to be interested in all those 2,758,153,322 underlying Shares by virtue of the SFO.
- Calculated on the basis of 12,620,676,572 Shares in issue as at 31 December 2025.

(III) INTERESTS IN SHARES AND THE UNDERLYING SHARES OF SUNAC SERVICES, AN ASSOCIATED CORPORATION OF THE COMPANY (LONG POSITION)

Name of Director	Nature of Interest	Number of Ordinary Shares of Sunac Services	Number of Unvested Shares Awarded under the Sunac Services Share Award Scheme	Total	Approximate Percentage of Interest in the Associated Corporation ²
Mr. Sun Hongbin	Interest in controlled corporations ¹	67,288,606	–	67,288,606	2.20%
	Beneficial owner	1,466,472	–	1,466,472	0.05%
Mr. Wang Mengde	Beneficial owner	2,157,734	–	2,157,734	0.07%
Ms. Ma Zhixia	Beneficial owner	1,267,279	75,000	1,342,279	0.04%
Mr. Tian Qiang (resigned on 31 December 2025)	Beneficial owner	1,750,321	100,000	1,850,321	0.06%
Mr. Huang Shuping	Beneficial owner	1,764,092	100,000	1,864,092	0.06%
Mr. Sun Kevin Zheyi	Beneficial owner	77,895	25,000	102,895	0.003%

Notes:

1. These 67,288,606 shares of Sunac Services were held as to:

- (i) 65,721,489 shares of Sunac Services by Sunac International; and
- (ii) 1,567,117 shares of Sunac Services by Tianjin Biaodi.

In accordance with the SFO, Mr. Sun Hongbin was deemed to be interested in all the above shares.

2. Calculated on the basis of 3,056,844,000 shares in issue of Sunac Services as at 31 December 2025.

Save as disclosed in this annual report, as of 31 December 2025, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

INTEREST OF SUBSTANTIAL SHAREHOLDERS (LONG POSITION)

To the knowledge of the Company, as at 31 December 2025, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares of the Company as recorded in the register kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of Interest/Capacity	Number of Shares	Approximate Percentage of Interest in the Company ²
Sunac International	Beneficial owner ¹	2,673,120,987	21.18%
South Dakota Trust Company LLC	Trustee ¹	2,721,826,987	21.57%

Notes:

- These 2,721,826,987 Shares were held as to 2,673,120,987 Shares by Sunac International and 48,706,000 Shares by Tianjin Biaodi. 70% of the issued shares of Sunac International and all the shares of Tianjin Biaodi were held by Sunac Holdings LLC. All issued shares of Sunac Holdings LLC were held by the Family Trust. South Dakota Trust Company LLC was the trustee of the Family Trust. The Family Trust was established by Mr. Sun Hongbin and Mr. Sun Hongbin and some of his family members are the beneficiaries. South Dakota Trust Company LLC was deemed to be interested in all those 2,721,826,987 Shares by virtue of the SFO.
- Calculated on the basis of 12,620,676,572 Shares in issue as at 31 December 2025.

INTERESTS IN UNDERLYING SHARES OF THE COMPANY (LONG POSITION)

Name of Shareholder	Nature of Interest/Capacity	Number of Underlying Shares	Approximate Percentage of Interest in the Company ²
Sunac International	Beneficial owner ¹	18,569,701	0.15%
South Dakota Trust Company LLC	Trustee ¹	2,758,153,322	21.85%

Notes:

- As of 31 December 2025, the MCB 1 in aggregate outstanding principal amount of US\$6,937,087 and the MCB 2 in aggregate outstanding principal amount of US\$5,238,199 were held by Sunac International. Upon full conversion of the MCB based on the initial conversion price of HK\$6.80 per share for MCB 1, the initial conversion price of HK\$3.85 per share for MCB 2 and the agreed exchange rate of US\$1 = HK\$7.8, 18,569,701 Shares will be allotted and issued to Sunac International. As of 31 December 2025, the MCB 1 in aggregate outstanding principal amount of US\$1,413,344,178 and the MCB 2 in aggregate outstanding principal amount of US\$552,028,159 was held by Sun Holdings II LLC. Upon full conversion of the MCB based on the initial conversion price of HK\$6.80 per share for MCB 1, the initial conversion price of HK\$3.85 per share for MCB 2 and the agreed exchange rate of US\$1 = HK\$7.8, 2,739,583,621 Shares will be allotted and issued to Sun Holdings II LLC. 70% of the issued shares of Sunac International were held by Sunac Holdings LLC. All issued shares of Sunac Holdings LLC and Sun Holdings II LLC were held by the Family Trust. South Dakota Trust Company LLC was the trustee of the Family Trust. The Family Trust was established by Mr. Sun Hongbin, and Mr. Sun Hongbin and some of his family members were the beneficiaries of the Family Trust.
- Calculated on the basis of 12,620,676,572 Shares in issue as at 31 December 2025.

Citigroup Inc. filed the following interests held through controlled corporations or as approved lending agent as of 31 December 2025, being a long position of 669,584,515 shares/underlying shares, a short position of 503,400,573 shares/underlying shares and a lending pool of 81,235,396 shares/underlying shares, representing approximately 5.31%, 3.99% and 0.64% of the issued shares of the Company respectively.

Save as disclosed in this annual report, as of 31 December 2025, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company that were required to be entered in the register kept by the Company pursuant to section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company or the laws of Cayman Islands (being the jurisdiction in which the Company was incorporated) which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE OF THE COMPANY

The principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report of this annual report.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the future business development are set out in the “Chairman’s Statement” on pages 5 to 7 of this annual report. The Group’s key financial performance for the current year, indicator analysis, and the principal business risks and uncertainties that the Group may be facing are elaborated in the “Management Discussion and Analysis” on pages 8 to 17. The “Business Highlights” on pages 18 to 26 sets out the sales performance, details of land bank and the development and operation of self-owned properties in the cultural and tourism business segment of the Group during the current year.

In addition, the financial risk management objectives and policies of the Group can be found in note 3 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 44 to the consolidated financial statements. The five-year Financial Summary of the Group is provided on page 4. Discussions about the Group’s environmental policies and performance, compliance with relevant laws and regulations which have a significant impact on the Group, as well as relationships with employees, customers, suppliers and key stakeholders are set out in “Environmental Protection”, “Compliance with Laws and Regulations” and “Relationship with Stakeholders” below, and the “Investor Relations Report” on page 51 of this annual report, as well as the “2025 Environmental, Social and Governance Report” issued by the Company on 30 April 2026.

REPORT OF THE DIRECTORS

ENVIRONMENTAL PROTECTION

The Company has long considered environmental protection as one of its key priorities. The Company has carried out its business in strict compliance with national and local environmental laws and regulations, used its resources prudently, employed reusable and eco-friendly materials and tried its best to reduce the generation of wastes to fulfil the commitment to protect the environment. With reference to the Stock Exchange's Environmental, Social and Governance Reporting Guide as well as the GRI Guidelines (the international standard formulated by the Global Reporting Initiative), the Group has also updated its internal control system and developed a series of management systems and policies such as the Environmental Policies of Sunac to strengthen the management and control of the Group over environmental protection.

The Group will review its environmental protection activities from time to time and consider the further implementation of measures and practices on environmental protection in the Group's business operations, thereby enhancing environmental sustainability.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Audit Committee is delegated by the Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

As far as the Company is aware, the Group has complied with relevant rules and regulations promulgated by the relevant regulatory bodies to which the Group operates its business in and holds relevant required licences for the conducting of its business. The Group's management will endeavor to ensure that the conduct of business is in conformity with the applicable laws and regulations.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners.

The Company provides a fair and safe workplace, promotes diversity to our staff, and provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Group understands that it is important to maintain good relationship with customers and provide the products in a way that satisfy needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the products so that the Group can respond proactively. The Group has also established procedures in place for handling customers' complaints to ensure customers' complaints are dealt with in a prompt and timely manner.

The Group is also dedicated to developing good relationship with suppliers and contractors as long-term business partners to ensure stability of the Group's business. The Company reinforces business partnerships with suppliers and contractors by ongoing communication in a proactive and effective manner so as to ensure quality and timely delivery.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2025, the Group had a total of 31,365 employees (2024: 36,364). For the year ended 31 December 2025, the staff cost of the Group was approximately RMB5.15 billion (2024: RMB5.71 billion).

The employees' remuneration policy of the Group is determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and performance of the employees. The Group conducts performance appraisal twice every year for its employees, the results of which are applied in annual salary review and promotion assessment. Social insurance contributions are made by the Group for its Mainland China employees in accordance with the relevant PRC regulations. Insurance and mandatory provident fund schemes are also maintained for its Hong Kong staff (if any). The Group also maintains social security or other retirement schemes for its overseas employees (if any) in accordance with local regulations. As at 31 December 2025, no forfeited contributions were available to reduce the contribution payable by the Group in the future years.

In order to attract and retain excellent talents, the Company adopted the Share Award Scheme on 8 May 2018 and awarded Shares were vested to selected employees in accordance with the rules of the Share Award Scheme and the terms of the trust deed, details of which are disclosed on pages 75 to 76 of this annual report. The Company also adopted the ESOP on 23 December 2025 for the purpose of incentivizing eligible participants to continue to contribute to the Group in the future by providing them with long-term supplementary form of remuneration, in order to promote the continuous operations of the Group and the long-term business recovery and growth of the Group, details of which are disclosed on pages 77 to 78 of this annual report. The Group also provides continuous learning and training programmes to its employees to enhance their skills and knowledge, so as to maintain their competitiveness. The Group did not experience any major difficulties in recruitment of employees for the year ended 31 December 2025.

The emoluments of the Directors are first reviewed by the Remuneration Committee and then approved by the Board, with regard to the Directors' skill, knowledge, involvement in the Group's affairs and the performance of each Director, together with reference to the operations, profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the articles of association of the Company, all directors or other key officers of the Company shall be entitled to be indemnified out of the assets of the Company against all of the Company losses or liabilities which they may sustain or incur arising from or incidental to the execution of their duties. The Company has taken out liability insurance for directors and senior officers over the years, which provides the directors and officers of the Group with indemnity assurance in respect of the potential liabilities arising from the Group's business activities.

REPORT OF THE DIRECTORS

SUFFICIENCY OF PUBLIC FLOAT

Pursuant to Rule 8.08 of the Listing Rules, there shall be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities. This normally means that at least 25% of the issuer's total issued shares must at all times be held by the public.

Based on the information that is publicly available to the Company and to the knowledge of the Directors, as at the latest practicable date prior to the date of this report, the Company has maintained a sufficient public float as required under the Listing Rules.

AUDITOR

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

There was no change in auditors of the Company in the three preceding years.

On behalf of the Board
Sunac China Holdings Limited
Sun Hongbin
Chairman

Hong Kong, China, 27 March 2026

INDEPENDENT AUDITOR'S REPORT



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To the Shareholders of Sunac China Holdings Limited
(Incorporated in Cayman Islands with limited liability)

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Sunac China Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 90 to 212, which comprise the consolidated balance sheet as at 31 December 2025, and 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.

We do not express an opinion on the consolidated financial statements of the Group due to the potential interaction of the multiple uncertainties relating to going concern and their possible cumulated effects on the consolidated financial statements as described in the "Basis for Disclaimer of Opinion" section of our report. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

MULTIPLE UNCERTAINTIES RELATING TO GOING CONCERN

As stated in note 2.1(iii) to the consolidated financial statements, the Group incurred a net loss of approximately RMB13.71 billion for the year ended 31 December 2025 and, as at 31 December 2025, the Group had net current liabilities of approximately RMB74.46 billion. The Group's current and non-current borrowings amounted to approximately RMB154.01 billion and RMB34.25 billion as at 31 December 2025 respectively, while the Group had total cash (including cash and cash equivalents and restricted cash) amounting to approximately RMB12.01 billion. As at 31 December 2025, the Group had not repaid borrowings in principal amount of approximately RMB107.30 billion in aggregate according to their scheduled repayment dates, and as a result, borrowings in aggregate principal amount of approximately RMB37.06 billion might be demanded for early repayment. Up to the date of this report, the Group had not repaid borrowings in principal amount of approximately RMB110.80 billion in aggregate according to their scheduled repayment dates and as a result, borrowings in aggregate principal amount of approximately RMB32.25 billion might be demanded for early repayment. In addition, the Group was involved in various litigation and arbitration cases for various reasons as stated in note 36(B) to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

Nevertheless, the consolidated financial statements have been prepared on a going concern basis. The Group has been undertaking a number of plans and measures to improve its liquidity and financial position, and have developed debt solutions which are set out in note 2.1(iii) to the consolidated financial statements. The validity of going concern assumption on which the consolidated financial statements have been prepared depends upon the successful implementation of these plans and measures, which are subject to multiple uncertainties, including (i) successful advancement and completion of the aforementioned debt management measures, including successful negotiations with the lenders for extension or deferral of repayment of certain borrowings of the Group, and the ability to secure additional or new financing when necessary; (ii) successful dealing with the litigations involving financial institutions to reach an amicable settlement which have not yet come to a definitive conclusion and have a substantial significant impact on the Group's overall operations; and (iii) successful implementation of plans and measures to achieve sales targets and collection of sales proceeds, thereby bolstering the Group's overall operational stability. The above conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

As a result of the multiple uncertainties and the cumulative effects on the consolidated financial statements resulting from the potential interaction thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned in note 2.1(iii), it might not be able to operate as a going concern, and adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

We disclaimed our audit opinion on the consolidated financial statements for the year ended 31 December 2024 relating to the going concern basis of preparing the consolidated financial statements. The balances as at 31 December 2024 and the amounts for the year then ended are presented as corresponding figures in the consolidated financial statements for the year ended 31 December 2025.

Directors' Responsibilities for the Consolidated Financial Statements

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

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

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

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. This report is made solely to you, as a body, in accordance with the Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

However, due to the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the "Basis for Disclaimer of Opinion" section of our report, it is not possible for us to form an audit opinion on these consolidated financial statements.

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

BDO Limited
Certified Public Accountants

Yau Shuk Yuen Amy
Practising Certificate no: P06095

Hong Kong, 27 March 2026

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	41,089,135	52,861,880
Investment properties	8	15,415,175	19,237,181
Right-of-use assets	9	11,258,847	12,262,315
Intangible assets	10	1,709,825	3,084,591
Deferred tax assets	12	31,236,579	32,972,177
Investments accounted for using the equity method	11	59,877,447	62,848,123
Financial assets at fair value through profit or loss	13	9,424,077	10,068,514
Other receivables	16	39,407	47,015
Prepayments	17	33,995	34,289
		170,084,487	193,416,085
Current assets			
Properties under development	14	357,868,229	407,393,056
Completed properties held for sale	15	103,395,723	108,413,849
Inventories		433,571	541,455
Trade and other receivables	16	46,923,967	52,171,432
Contract costs	6	3,139,366	4,026,070
Amounts due from related companies	42(D)	80,237,864	72,238,795
Prepayments	17	10,150,079	13,102,047
Prepaid income tax		10,063,662	11,177,420
Financial assets at fair value through profit or loss	13	346,833	642,711
Restricted cash	18	6,325,590	12,014,562
Cash and cash equivalents	19	5,681,859	7,730,669
Other current assets		28,000	15,000
		624,594,743	689,467,066
Total assets		794,679,230	882,883,151
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	20	1,120,269	817,490
Other reserves	22	52,910,840	46,624,606
Accumulated losses		(19,866,098)	(6,920,988)
		34,165,011	40,521,108
Non-controlling interests		12,678,572	14,625,260
Total equity		46,843,583	55,146,368

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	24	34,245,372	73,581,837
Derivative financial instruments	25	6,044,836	–
Lease liabilities	9	455,680	344,611
Deferred tax liabilities	12	7,925,773	10,773,159
Other payables	23	114,197	50,124
		48,785,858	84,749,731
Current liabilities			
Trade and other payables	23	247,314,068	264,713,015
Contract liabilities	6	131,386,203	157,208,070
Amounts due to related companies	42(D)	70,598,498	51,028,240
Current income tax liabilities		66,064,514	72,512,109
Borrowings	24	154,011,017	186,085,847
Derivative financial instruments	25	17,777,633	3,430,262
Lease liabilities	9	111,527	100,443
Provisions	26	11,786,329	7,909,066
		699,049,789	742,987,052
Total liabilities		747,835,647	827,736,783
Total equity and liabilities		794,679,230	882,883,151

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 90 to 212 were approved by the Board of Directors on 27 March 2026 and were signed on its behalf.

Sun Hongbin
Director

Wang Mengde
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	6	45,116,514	74,019,193
Cost of sales	27	(45,754,387)	(71,127,085)
Gross (loss)/profit		(637,873)	2,892,108
Other income and gains	29	35,567,350	16,429,425
Selling and marketing costs	27	(2,150,375)	(2,145,136)
Administrative expenses	27	(3,627,112)	(3,652,642)
Other expenses and losses	30	(27,116,944)	(21,132,520)
Net impairment losses under expected credit loss model	27	(2,775,718)	(3,327,283)
Operating loss		(740,672)	(10,936,048)
Finance income	31	87,166	149,978
Finance expenses	31	(12,004,727)	(11,831,772)
Finance expenses – net	31	(11,917,561)	(11,681,794)
Share of post-tax losses of associates and joint ventures accounted for using the equity method, net	11	(1,040,439)	(1,631,036)
Loss before income tax		(13,698,672)	(24,248,878)
Income tax expenses	32	(10,411)	(3,155,149)
Loss and total comprehensive loss for the year		(13,709,083)	(27,404,027)
Loss and total comprehensive loss attributable to:			
– Owners of the Company		(12,329,083)	(25,695,200)
– Non-controlling interests		(1,380,000)	(1,708,827)
		(13,709,083)	(27,404,027)
Loss per share attributable to owners of the Company (expressed in RMB per share):	33		
– Basic		(1.14)	(3.00)
– Diluted		(1.14)	(3.00)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Note	Share capital RMB'000	Other reserves RMB'000	Retained earnings/ (accumulated losses) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024		734,205	42,893,656	18,801,056	62,428,917	21,356,948	83,785,865
Loss and total comprehensive loss for the year		-	-	(25,695,200)	(25,695,200)	(1,708,827)	(27,404,027)
Transactions with owners, recognised directly in equity							
Capital contribution from non-controlling interests		-	-	-	-	1,980	1,980
Disposal of subsidiaries		-	1,122,501	-	1,122,501	(3,597,861)	(2,475,360)
Capital deductions from non-controlling interests		-	-	-	-	(635,520)	(635,520)
Dividends to non-controlling interests		-	-	-	-	(522,082)	(522,082)
Transactions with non-controlling interests		-	1,284	-	1,284	(269,378)	(268,094)
Proceeds from placing of existing shares and subscription of new shares	20,22	44,828	1,047,935	-	1,092,763	-	1,092,763
Shares issued upon the conversion of convertible bonds, mandatory convertible bonds and shareholder mandatory convertible bond from offshore debt restructuring effective on 23 November 2023	20,22	38,457	1,421,661	-	1,460,118	-	1,460,118
Equity components recognised from onshore debt restructuring		-	100,120	-	100,120	-	100,120
Share award scheme:							
– Value of employee services	22	-	10,605	-	10,605	-	10,605
Statutory reserves	22	-	26,844	(26,844)	-	-	-
		83,285	3,730,950	(26,844)	3,787,391	(5,022,861)	(1,235,470)
Balance at 31 December 2024		817,490	46,624,606	(6,920,988)	40,521,108	14,625,260	55,146,368

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company				Non-controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000		
Balance at 1 January 2025		817,490	46,624,606	(6,920,988)	40,521,108	14,625,260	55,146,368
Loss and total comprehensive loss for the year		-	-	(12,329,083)	(12,329,083)	(1,380,000)	(13,709,083)
Transactions with owners, recognised directly in equity							
Capital contribution from non-controlling interests		-	-	-	-	400	400
Dividends to non-controlling interests		-	-	-	-	(405,416)	(405,416)
Disposal of subsidiaries	41(A)	-	-	-	-	(144,061)	(144,061)
Transactions with non-controlling interests	22,39	-	53,179	-	53,179	(16,631)	36,548
Capital deduction from non-controlling interests		-	-	-	-	(980)	(980)
Shares issued upon the conversion of mandatory convertible bonds and shareholder mandatory convertible bond from offshore debt restructuring effective on 23 November 2023	20,22	130,027	2,831,861	-	2,961,888	-	2,961,888
Shares issued upon onshore debt restructuring	20,22	68,759	1,543,021	-	1,611,780	-	1,611,780
Shares issued upon the conversion of zero coupon mandatory convertible bonds due 2026	20,22	78,726	930,639	-	1,009,365	-	1,009,365
Shares issued upon debt restructuring with Chiyu Banking Corporation Limited	20,22	25,267	303,205	-	328,472	-	328,472
Share award scheme:							
- Value of employee services	22	-	8,302	-	8,302	-	8,302
Statutory reserves	22	-	616,027	(616,027)	-	-	-
		302,779	6,286,234	(616,027)	5,972,986	(566,688)	5,406,298
Balance at 31 December 2025		1,120,269	52,910,840	(19,866,098)	34,165,011	12,678,572	46,843,583

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash generated from operations	34	4,090,153	7,630,019
Income tax paid		(1,354,629)	(1,614,979)
Net cash generated from operating activities		2,735,524	6,015,040
Cash flows from investing activities			
Net cash inflow/(outflow) on disposal of subsidiaries	41	526,997	(860,591)
Proceeds from disposal and capital decreasing of joint ventures and associates		145,980	1,137,501
Proceeds from the considerations of equity transactions		601,169	408,838
Investments in joint ventures and associates		(3,250)	(46,200)
Dividends received from joint ventures and associates		6,184	21,000
Loans granted to joint ventures and associates		(20,919)	–
Repayments of loans from joint ventures and associates		58,589	89,911
Purchases of financial assets at fair value through profit or loss		(5,831,940)	(4,565,825)
Proceeds from redemption of financial assets at fair value through profit or loss		5,640,729	5,296,595
Purchases of property, plant and equipment, land use rights, intangible assets and investment properties		(214,461)	(506,596)
Proceeds from disposal of property, plant and equipment, land use rights, intangible assets and investment properties		81,943	404,943
Interests received		40,304	333,151
Deposit received for borrowings		1,159,361	2,020,693
Others		(13,000)	35,000
Net cash generated from investing activities		2,177,686	3,768,420

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Cash flows from financing activities			
Proceeds from placing of existing shares and subscription of new shares		–	1,092,763
Capital contribution from non-controlling interests		400	1,980
Proceeds paid for capital deduction from non-controlling interests		(980)	–
Proceeds from borrowings		4,459,956	9,781,470
Repayments of borrowings		(8,951,073)	(15,098,620)
Dividends or deem distribution paid to non-controlling interests		(235,221)	(397,806)
Loans from non-controlling interests and equity investment partners		–	32,623
Repayments of loans from non-controlling interests and equity investment partners		(110,829)	(233,712)
Considerations paid for transactions with non-controlling interests		(8,842)	(79,360)
Principal elements of lease payments		(87,175)	(137,844)
Interests paid		(2,022,928)	(4,077,204)
Net cash used in financing activities		(6,956,692)	(9,115,710)
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		7,730,669	7,056,374
Effects of exchange difference		(5,328)	6,545
Cash and cash equivalents at end of year	19	5,681,859	7,730,669

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1 General information

Sunac China Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the businesses of property development and investment, cultural and tourism city construction and operation, property management services and other services in the People’s Republic of China (the “PRC”).

The Company is a limited liability company incorporated in Cayman Islands. The address of its registered office is One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

2 Summary of accounting policies

This note provides a list of certain accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 BASIS OF PREPARATION

(i) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards (“HKFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 (“HKCO”).

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (“FVPL”), derivative financial instruments and investment properties that are measured at fair value.

(iii) Going concern basis

The Group’s net loss for the year ended 31 December 2025 amounted to approximately RMB13.71 billion, and the Group’s net current liabilities as at 31 December 2025 amounted to approximately RMB74.46 billion.

As at 31 December 2025, the Group’s current and non-current borrowings amounted to approximately RMB154.01 billion and RMB34.25 billion respectively, while the Group had total cash (including cash and cash equivalents and restricted cash) amounting to approximately RMB12.01 billion. As at 31 December 2025, the Group had not repaid borrowings in principal amount of approximately RMB107.30 billion in aggregate according to their scheduled repayment dates, and as a result, borrowings in aggregate principal amount of approximately RMB37.06 billion might be demanded for early repayment. As of the date of approval of these consolidated financial statements, the Group had not repaid borrowings in principal amount of approximately RMB110.80 billion in aggregate according to their scheduled repayment dates and as a result, borrowings in aggregate principal amount of approximately RMB32.25 billion might be demanded for early repayment. In addition, the Group was involved in various litigation and arbitration cases for various reasons.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2 Summary of accounting policies (Continued)

2.1 BASIS OF PREPARATION (Continued)

(iii) Going concern basis (Continued)

In light of the above, the directors of the Company (the “Directors”) have conducted prudent assessments on the future liquidity of the Group. The Directors have reviewed the Group’s expected cash flow projections for the next 18 months from 31 December 2025 prepared by the management of the Company and have given full consideration to the Group’s future liquidity, performance and available sources of financing, and have proactively come up with debt solutions to alleviate the liquidity pressure. The Group has continued to implement the following plans and measures:

- During the period from December 2024 to January 2025, the restructuring plans in relation to the onshore corporate bonds and supply chain asset-backed plans (collectively, the “Onshore Bonds”) issued by Sunac Real Estate Group Co., Ltd.* (融創房地產集團有限公司) (the “Sunac Real Estate”), a wholly-owned subsidiary of the Group, had all been considered and approved at the relevant meetings of bondholders (the “Onshore Debt Restructuring Plan”). The Onshore Debt Restructuring Plan provided creditors with three options, including bond repurchase (i.e. cash tender offer), payment via equity economic income right (the “Equity Option”), and debt settlement with assets (the “Asset Option”). Since the launch of the Onshore Debt Restructuring Plan, Sunac Real Estate had been coordinating with the bondholders to select and allocate the amount of the Onshore Bonds they held in the onshore debt restructuring options, in accordance with the relevant terms of the bondholder meeting resolutions. In 2025, Sunac Real Estate completed the implementation of the three options under the Onshore Debt Restructuring Plan, resulting in the cancellation of Onshore Bonds with an aggregate principal amount of approximately RMB10.57 billion. As at 31 December 2025, the remaining principal balance of the Onshore Bonds totalling approximately RMB4.79 billion had been extended with the last maturity date being June 2034, and the annual interest rate of historical accrued and unpaid interest and future interest were reduced to 1%. This plan not only significantly reduced the scale of onshore public debts, but also alleviated the Group’s debt repayment pressure in the next five years;
- All conditions precedent for the Company’s offshore debt restructuring (the “2025 Offshore Debt Restructuring”) were satisfied on or before 23 December 2025, and the restructuring became effective from 23 December 2025. The existing senior notes, convertible bonds, mandatory convertible bonds, shareholder mandatory convertible bond and certain other debts of the Company and its subsidiaries subject to the restructuring (the “Offshore Restructuring Debts”) had been fully released and discharged, and simultaneously, the financial guarantees provided by the Company for certain existing debts subject to the restructuring had been fully released and discharged. As restructuring consideration, the Company issued zero coupon mandatory convertible bonds due 2026 (the “MCB 1”) in principal amount of approximately US\$7.26 billion and zero coupon mandatory convertible bonds due 2028 (the “MCB 2”) in principal amount of approximately US\$2.40 billion to the scheme creditors on the restructuring effective date in accordance with the scheme terms. The completion of the offshore debt restructuring completely resolved the Company’s debt risks, achieved a sustainable capital structure, and further reinforced the confidence in the Group among various parties through the shareholding structure stability arrangement and the employee stock ownership plan. This will better facilitate the future advancement of various tasks, including resolving debt risks and revitalizing assets related to onshore property projects, and support the gradual recovery of the long-term creditworthiness and operations of the Group’s property development segment;

2 Summary of accounting policies *(Continued)*

2.1 BASIS OF PREPARATION *(Continued)*

(iii) Going concern basis *(Continued)*

- The Group has been actively negotiating with other lenders on the extension of borrowings, and extension of loans of approximately RMB35.71 billion has been agreed by the Group up to the date of approval of these consolidated financial statements; in addition, as at 31 December 2025, approximately RMB154.85 billion of the Group's borrowings are secured by the Group's assets. The Group continues to actively negotiate with other existing lenders to promote a long-term solution to the current debt issue through a comprehensive approach such as extension, refinancing or restructuring and not to demand immediate repayment until a solution is reached. Due to the diverse lender base and changing market environment, it takes time to finalise the extension plans case-by-case;
- The Group is actively seeking new financing or additional capital inflows through various channels, including but not limited to new financing from asset management companies or financial institutions, special loan for guaranteed home delivery and ancillary borrowings, business cooperation with partners, asset disposal, etc.; up to the date of approval of these consolidated financial statements, the Group and its joint ventures and associates have obtained special loans for guaranteed home delivery approved by local governments with an aggregate amount of approximately RMB23.02 billion, obtained ancillary bank financing approvals with an aggregate amount of approximately RMB11.27 billion, and received "whitelist project" financing approvals with an amount of approximately RMB4.78 billion. Additionally, the Group secured new funding of approximately RMB6.41 billion through the implementation of collaborative development projects with asset management companies in 2025. The Group will actively respond to various supportive policies of the national and local governments, revitalise resources through all kinds of acquisition and reserve policies, and consider disposal of assets when necessary to generate more cash inflows;
- The Group will continue to actively communicate and negotiate with relevant creditors, and strive to formulate and implement solutions to resolve the pending onshore lawsuits. Up to the date of approval of these consolidated financial statements, the Group has completed the settlement arrangements with certain creditors;
- The Group has adjusted its organizational structure to be flatter, reduced management levels and the headcount to enhance the management efficiency and effectively control costs and expenses; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2 Summary of accounting policies (Continued)

2.1 BASIS OF PREPARATION (Continued)

(iii) Going concern basis (Continued)

- The Group will continue to take measures to accelerate the pre-sale and sale of properties under development and completed properties. In addition, the Group will continue to implement initiatives to expedite the collection of sales proceeds and recovery of other receivables. The Group believes that with the intensifying policy support from the central government, coupled with the stabilization and recovery of the overall economy and the restoration of market confidence, the long-term supply and demand dynamics in the real estate market will rebalance, leading to a gradual stabilization of the market. Therefore, the Group will proactively adjust its sales and pre-sale strategies to respond to market changes and seize emerging demand opportunities.

In the Directors' opinion, in view of the above plans and measures, the Group will be able to adequately fund its ordinary operations and meet its obligations as and when they fall due within the next 18 months from 31 December 2025. Accordingly, the Directors consider that the preparation of the consolidated financial statements for the year ended 31 December 2025 on a going concern basis is appropriate.

The management has formulated a number of plans and taken a number of measures, but the Group's ability to continue as a going concern still depends on:

- (i) successful advancement and completion of the aforementioned debt management measures, including successful negotiations with lenders for extension or deferral of repayment of certain borrowings of the Group, and the ability to secure additional or new financing when necessary;
- (ii) successful dealing with the litigations involving financial institutions to reach an amicable settlement which have not yet come to a definitive conclusion and have a substantial significant impact on the Group's overall operations; and
- (iii) successful implementation of plans and measures to achieve sales targets and collection of sales proceeds, thereby bolstering the Group's overall operational stability.

Since 2022, the real estate market in Mainland China has gone through adjustment with duration and depth beyond previous expectations. There is uncertainty as to the stabilization and recovery of the Group's sales and the continued support from banks and the Group's lenders, hence, there is significant uncertainty as to the Group's ability to implement the above plans and measures.

The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

2 Summary of accounting policies (Continued)

2.1 BASIS OF PREPARATION (Continued)

(iii) Going concern basis (Continued)

If the Group is unable to achieve the above plans and measures and unable to continue as a going concern, adjustments must be made to reduce the carrying amount of the Group's assets to their net realisable amounts, to provide for any further liabilities that may arise, and to reclassify non-current assets and non-current liabilities to current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

(iv) New standards, amendments and interpretations adopted by the Group

The Group has applied the following new standards, amendments and interpretations for the first time for its annual reporting period commencing 1 January 2025:

- *Lack of Exchangeability* – Amendments to HKAS 21

The new standards, amendments and interpretations listed above did not have any material impact on the amounts recognised in prior and current periods.

(v) New standards, amendments and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory as of 31 December 2025 reporting periods and have not been early adopted by the Group.

	Effective for the financial year beginning on or after
<i>Contracts Referencing Nature- Dependent Electricity</i> – Amendments to HKFRS 9 and HKFRS 7	1 January 2026
<i>Amendments to the Classification and Measurement of Financial Instruments</i> – Amendments to HKFRS 9 and HKFRS 7	1 January 2026
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	1 January 2026
<i>Presentation and Disclosure in Financial Statements</i> – HKFRS 18 and <i>Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i> – Hong Kong Interpretation 5	1 January 2027
<i>Subsidiaries without Public Accountability: Disclosures</i> – HKFRS 19 and subsequent amendments in October 2025	1 January 2028
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures</i> – Amendments to HKFRS 10 and HKAS 28	To be determined

Except for the new HKFRS mentioned below, the Directors anticipate that the application of all new standards, amendments and interpretations to HKFRS will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2 Summary of accounting policies (Continued)

2.1 BASIS OF PREPARATION (Continued)

(v) New standards, amendments and interpretations not yet adopted (Continued)

HKFRS 18 *Presentation and Disclosure in Financial Statements*

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which was issued by the HKICPA in July 2024 supersedes HKAS 1 and will result in major consequential amendments to HKFRS including HKAS 8 *Basis of Preparation of Financial Statements* (renamed from *Accounting Policies, Changes in Accounting Estimates and Errors*). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

2.2 PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING

(i) Subsidiaries

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

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

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

(iii) Joint arrangements

The Group has applied HKFRS 11 *Joint Arrangements* to all joint arrangements. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

2 Summary of accounting policies (Continued)

2.2 PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING (Continued)

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in consolidated profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. The Group's investments in associates and joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an equity-accounted investment, any difference between the cost of the equity-accounted investment and the Group's share of the net fair value of the equity-accounted investment's identifiable assets and liabilities is accounted for as goodwill. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.7.

(v) Changes in ownership interests

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

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in consolidated profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2 Summary of accounting policies (Continued)

2.3 FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the functional currency. The consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

(ii) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income, within 'finance expenses – net'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income on a net basis within other gains or other losses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in consolidated profit or loss as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

2 Summary of accounting policies (Continued)

2.3 FOREIGN CURRENCY TRANSLATION (Continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to consolidated profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment ("PP&E") is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

Buildings and equipment	5–40 years
Vehicles	3–10 years
Furniture and office equipment	3–5 years
Leasehold improvements	Shorter of 5 years or the lease periods

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in consolidated profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2 Summary of accounting policies (Continued)

2.5 INVESTMENT PROPERTIES

Investment properties, principally freehold office buildings, shopping malls and commercial properties are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. Land held under operating leases are classified and accounted for as investment properties when the rest of the definition of investment properties are met. Investment properties are initially measured at cost including related transaction costs and where applicable borrowing cost.

After initial recognition, investment properties are carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. If such information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

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

Changes in fair values are presented in consolidated profit or loss as part of other income or other expense.

2.6 INTANGIBLE ASSETS

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

2 Summary of accounting policies (Continued)

2.6 INTANGIBLE ASSETS (Continued)

(ii) Trademark and brand

Trademark is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method over the shorter of budgeted useful lives and contractually useful lives.

Brand acquired in a business combination is recognised at fair value at the acquisition date. Brand has a finite useful life and is subsequently carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful lives of 5 to 15 years.

(iii) Software

Acquired computer software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives of 3 to 10 years on a straight-line basis.

(iv) Customer relationships

Separately acquired customer relationships are shown at historical cost. Customer relationships acquired in a business combination are initially recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful lives, which is 5 to 8 years.

(v) Concession right

A subsidiary of the Group is engaged in the development, financing, operating and maintenance of facilities for public service (the "Concession Project") in accordance with the concession agreements signed with the institution affiliated to the government (the "Concession Agreement") over a specified period (the "Concession Service Period"). The Group is reimbursed for the operation of the Concession Project on behalf of the government in accordance with the term of the Concession Agreement and hand over the facilities to the government or its authorised institution at the end of the Concession Services Period. When the assets under the Concession Agreement reach their intended usable state, the Group recognises the cost of relevant concession project assets plus the developer's profit as intangible assets. Amortisation is calculated using the straight-line basis over the Concession Services Period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2 Summary of accounting policies (Continued)

2.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.8 INVESTMENTS AND OTHER FINANCIAL ASSETS

(i) Classification

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

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

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

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

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

(ii) Recognition and derecognition

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

2 Summary of accounting policies (Continued)

2.8 INVESTMENTS AND OTHER FINANCIAL ASSETS (Continued)

(iii) Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in consolidated profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in consolidated profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Dividends from such investments are recognised in consolidated profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated statement of profit or loss as applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2 Summary of accounting policies (Continued)

2.8 INVESTMENTS AND OTHER FINANCIAL ASSETS (Continued)

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit loss (“ECL”) associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.9 FINANCIAL GUARANTEE CONTRACTS

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

- the amount determined in accordance with the ECL model under HKFRS 9 *Financial Instruments*, and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 *Revenue from Contracts with Customers*.

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

Where guarantees in relation to loans or other payables of joint venture or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.10 DERIVATIVES AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group enters into certain derivative instruments which do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in consolidated profit or loss and are included in other income or other expenses.

2 Summary of accounting policies (Continued)

2.11 PROPERTIES UNDER DEVELOPMENT (“PUDs”)

Properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and anticipated cost to completion.

Development cost of property comprises construction costs, land use rights cost, capitalised borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

2.12 COMPLETED PROPERTIES HELD FOR SALE (“CPHFS”)

Completed properties remaining unsold as at the consolidated balance sheet dates are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

2.13 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost, being cost of purchase, is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14 TRADE RECEIVABLES

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 16 for further information about the Group's accounting for trade receivables and note 2.8 for a description of the Group's impairment policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2 Summary of accounting policies (Continued)

2.15 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 SHARE CAPITAL AND SHARES HELD FOR EMPLOYEE SHARE SCHEME

Ordinary shares are classified as equity.

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

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

2.17 TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.18 CONVERTIBLE BONDS CONTAINING DEBT AND DERIVATIVE COMPONENTS

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative. At initial recognition, the derivative component is measured at fair value and presented as part of derivative financial instruments. Any excess of fair value of the convertible bond over the amount initially recognised as the derivative component is recognised as the host liability component. Any directly attributable transaction costs are allocated to the host liability and derivative components in proportion to their initial carrying amounts. The portion of the transaction costs relating to the host liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss. The derivative component is subsequently remeasured to fair value. The host liability component is subsequently carried at amortised cost using effective interest method. Where the original terms of the bond permit the holder to convert at any time before maturity, and the bond is subsequently converted early at the holder's option, the carrying amount of the host liability (at the date of conversion) together with carrying amount of the derivative liability, which is remeasured to fair value immediately before conversion, is transferred to equity such that no gain or loss is recognised on settlement. If the bonds are redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in profit or loss.

2 Summary of accounting policies (Continued)

2.19 DERECOGNITION OR MODIFICATION OF FINANCIAL LIABILITIES

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss. Except for changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform in which the Group applies the practical expedient, when the contractual terms of a financial liability are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liabilities. Accordingly, such modification of terms is accounted for as an extinguishment, and any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent. For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liabilities is recognised in profit or loss at the date of modification.

2.20 BORROWINGS

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2 Summary of accounting policies (Continued)

2.21 BORROWING COSTS

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

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

Borrowing costs include interest expense and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on interest rates on similar borrowings in the entity's functional currency.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings.

Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

2.22 CURRENT AND DEFERRED INCOME TAX

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

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 Summary of accounting policies *(Continued)*

2.22 CURRENT AND DEFERRED INCOME TAX *(Continued)*

Deferred income tax

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

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

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

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

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

Current and deferred tax is recognised in consolidated profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2 Summary of accounting policies (Continued)

2.23 EMPLOYEE BENEFITS

(i) Short-term obligations

Liabilities for wages and salaries that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the consolidated balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits

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

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired Mainland China based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the Mainland China government. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

2 Summary of accounting policies (Continued)

2.24 SHARE-BASED PAYMENTS

Share-based compensation benefits are provided to employees via the Company's share option schemes and an employee share award scheme. Information relating to these schemes is set out in note 21.

(i) Employee options

The fair value of options granted under the Company's employee option schemes is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price),
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in consolidated profit or loss, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2 Summary of accounting policies (Continued)

2.24 SHARE-BASED PAYMENTS (Continued)

(ii) Employee share award scheme

Under the employee share award scheme, the Company entrusts the trustee to purchase existing ordinary shares in the open market based on the overall remuneration incentive plan. The trustee will hold such shares on behalf of the relevant selected employees on trust, until such shares are vested with the relevant selected employees in accordance with the scheme rules (see note 2.16).

The fair value of the shares granted to selected employees for nil consideration under the employee share award scheme is recognised as an expense over the relevant service period and the vesting period of the shares. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in consolidated profit or loss and the share-based payment reserve.

Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective the date of the forfeiture.

2.25 PROVISIONS

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

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

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

2 Summary of accounting policies (Continued)

2.26 REVENUE RECOGNITION

(i) Sales of properties

The Group develops and sells residential and commercial properties. Revenues are recognised when or as the control of the property is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

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

The revenue is measured at the transaction price received or receivable under the contract.

The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in consolidated profit or loss is recognised as contract liabilities. Contract liability is recognised as revenue when the Group satisfies its performance obligations. For contract where the period between the payment by the customer and the transfer of the promised property exceeds one year, the promised amount of consideration is adjusted for the effects of a significant financing component.

Sales commissions and other costs directly attributable to obtaining a contract, if recoverable, are capitalised as contract costs.

(ii) Property management service income

Property management service income is recognised in the accounting period in which the services are rendered. For property management services, the Group bills a fixed amount for services provided and recognises as revenue in the amount to which the Group has a right to bill and that corresponds directly with the value of performance completed on a monthly basis. The property management services are normally billable immediate upon the delivery of the services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2 Summary of accounting policies (Continued)

2.26 REVENUE RECOGNITION (Continued)

(iii) Rental income

Rental income from investment properties is recognised in the consolidated statement of profit or loss on a straight-line basis over the term of the lease.

(iv) Hotel operations

Hotel revenue from room rentals, food and beverage sales and other ancillary services are recognised when the services are rendered.

(v) Theme parks operations

Revenues from advance theme park ticket sales are recognised when the tickets are used. Revenues from annual or monthly pass sales are recognised ratably over the period for which the pass is available for use.

(vi) Fitting and decoration services

Revenues from fitting and decoration services are recognised in the accounting period in which the services are rendered.

(vii) Film and TV series production and distribution

Income from the distribution of own produced films are recognised when the production is completed, the films have been released and distributed to the cinema circuit and TV broadcast networks and the amounts can be measured reliably, which are generally when the cinema circuit and TV broadcast networks confirm to the entities its share of box office receipts and profit entitlement.

(viii) Film special effects services

Revenue from film special effects services contracts is recognised over time, using an input method to measure progress towards complete satisfaction of the service.

The progress towards complete satisfaction of the performance obligation is measured based on the entity's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

2.27 DIVIDEND INCOME

Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognised as other income in consolidated profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

2 Summary of accounting policies (Continued)

2.28 LEASES

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2 Summary of accounting policies (Continued)

2.28 LEASES (Continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to consolidated profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Land use rights were reclassified as right-of-use assets since the initial adoption of HKFRS 16 on 1 January 2019. All land in Mainland China is state-owned and no individual land ownership right exists. The Group acquired the rights to use certain land and the premiums paid for such rights are recorded as land use rights. Land use rights which are held for development for sale are inventories and measured at lower of cost and net realisable value. Land use rights which are held for self-use are stated at cost and amortised over the use terms using straight-line method with fixed period of 40 years.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in consolidated profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (note 8). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2 Summary of accounting policies (Continued)

2.29 INTEREST INCOME

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in the consolidated statement of profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

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

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The Group's risk management is predominantly controlled by a central treasury department (Group treasury) under policies approved by the board of directors of the Company (the "Board of Directors"). Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of Directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3.1 FINANCIAL RISK FACTORS

(A) Market risk

(i) Foreign exchange risk

The Group's normal operating activities are principally conducted in RMB since all of the operating entities are based in Mainland China. The foreign currency balances as at 31 December 2025 were primarily related to bank deposits, financial assets at FVPL, derivative financial instruments and borrowings denominated in United States dollar ("USD") and Hong Kong dollar ("HKD").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(A) Market risk (Continued)

(i) Foreign exchange risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities are as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Assets		
USD	598,092	474,714
HKD	260,641	1,139,498
	858,733	1,614,212
Liabilities		
USD	18,892,424	42,419,057
HKD	1,065,522	1,792,048
	19,957,946	44,211,105

The aggregate net foreign exchange (gains)/losses recognised in consolidated profit or loss were:

	2025 RMB'000	2024 RMB'000
Exchange (gains)/losses on foreign currency borrowing included in finance expenses	(799,906)	525,061
Total net foreign exchange (gains)/losses recognised in loss before income tax for the year	(799,906)	525,061

As at 31 December 2025, if RMB had strengthened/weakened by 5% against the HKD with all other variables held constant, the post-tax loss for the year would have been lower/higher by RMB38.33 million (2024: RMB31.07 million).

As at 31 December 2025, if RMB had strengthened/weakened by 5% against the USD with all other variables held constant, the post-tax loss for the year would have been lower/higher by RMB0.87 billion (2024: RMB2.00 billion).

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(A) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings, lease liabilities and interest-bearing amounts due from related companies. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk which is partially offset by cash held at variable rates. Borrowings, lease liabilities and amounts due from related companies with fixed rates expose the Group to fair value interest-rate risk. In 2025, the Group's borrowings were denominated in RMB and HKD (2024: RMB, USD and HKD).

The table below sets out the Group's exposure to interest rate risks. Included in the table are the assets and liabilities at carrying amounts, categorised by maturity dates or the earliest dates the Group can be required to pay.

RMB' million	Floating rates				Fixed rates				Total
	Less than 1 year	1 to 5 years	over 5 years	Sub-total	Less than 1 year	1 to 5 years	over 5 years	Sub-total	
At 31 December 2025									
Amount due from related companies	-	-	-	-	6,223	-	-	6,223	6,223
Borrowings	32,146	5,412	1,013	38,571	121,865	25,422	2,398	149,685	188,256
Lease liabilities	-	-	-	-	112	337	118	567	567
At 31 December 2024									
Amount due from related companies	-	-	-	-	8,386	-	-	8,386	8,386
Borrowings	48,100	5,408	359	53,867	137,986	56,905	10,910	205,801	259,668
Lease liabilities	-	-	-	-	100	201	144	445	445

As at 31 December 2025, if the interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, the post-tax loss for the year would have been higher/lower by RMB165.44 million (2024: RMB132.39 million) and the capitalised interest for the year would have been higher/lower by RMB299.89 million (2024: RMB394.01 million) respectively.

The Group's management team centrally authorises all loans entered into by operating entities and sets a benchmark interest rate within which the entity management teams can negotiate loans with their local lenders prior to obtaining central approval from the Group management. The interest rate benchmark is reassessed annually by the Group management team.

The Group also analyses its interest rate exposure monthly by considering refinancing, renewal of existing positions and alternative financing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(A) Market risk (Continued)

(iii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated balance sheet as financial assets at FVPL (note 13). The Group monitors the pricing change of these equity securities during each reporting period to manage the price risk.

Certain equity investments of the Group are related to equity securities traded in the Stock Exchange. As at 31 December 2025, if the price of securities has increased/decreased by 5% with all other variables held constant, the post-tax loss for the year would have been RMB0.35 million lower/higher (2024: RMB0.15 million).

(B) Credit risk

(i) Risk management

The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and buyers. The maximum extent of the Group's credit exposure in relation to financial assets is represented by the aggregate balance of cash and cash equivalents, restricted cash, trade and other receivable, amounts due from related companies, financial assets at FVPL included in the consolidated balance sheets and financial guarantees provided to related companies and third parties and guarantees on mortgage facilities.

Cash transactions are limited to high-credit-quality banks. The Group has policies in place to ensure that sales of properties are made to customers with an appropriate financial strength and appropriate percentage of down payment. Credit is granted to customers with sufficient financial strength. It also has continuous monitoring procedures to ensure the collection of the receivables as scheduled and follow up action is taken to recover overdue debts, if any.

Certain customers of the Group have arranged bank financing for their purchases of the properties. The Group typically provides guarantees to secure obligations of such customers for repayments, normally up to the time when the customers obtain the legal certificates of the property ownership. Detailed disclosure of these guarantees is made in note 36(A).

3 Financial risk management *(Continued)*

3.1 FINANCIAL RISK FACTORS *(Continued)*

(B) Credit risk *(Continued)*

(ii) Impairment of financial assets

The Group mainly had three types of financial assets that are subject to the ECL assessment:

- trade receivables in the ordinary course of business
- other receivables (excluding loans to third parties)
- loans to related and third parties

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the ageing analysis.

For trade receivables that do not share same risk characteristics with other receivables, management assesses their ECL on an individual basis. For those that share same risk characteristics with others, the ECL were estimated using a provision matrix based on the history ageing profile of these receivables over a period of 5 years before 31 December 2025 or 1 January 2025 respectively and the corresponding historical credit losses experience within this period, and an assessment of forward-looking information, including general economic conditions. The historical loss rates were adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(B) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

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

– Individual basis

	Gross carrying amount RMB'000	Expected loss rate	Loss allowance RMB'000	Net carrying amount RMB'000
31 December 2025				
Receivables from rendering of property management services	830,707	93.2%	774,338	56,369
31 December 2024				
Receivables from rendering of property management services	158,414	54.3%	86,048	72,366

– Provision matrix

	Current RMB'000	More than 90 days RMB'000	More than 180 days RMB'000	More than 1 years RMB'000	Total RMB'000
31 December 2025					
Expected loss rate	4.9%	5.3%	5.9%	34.0%	17.4%
Gross carrying amount	1,321,707	459,568	576,134	1,727,387	4,084,796
Loss allowance	64,492	24,295	34,218	587,676	710,681
31 December 2024					
Expected loss rate	7.3%	9.6%	10.2%	36.5%	21.2%
Gross carrying amount	1,065,304	515,263	905,044	2,001,856	4,487,467
Loss allowance	78,171	49,611	92,656	730,160	950,598

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(B) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Other receivables (excluding loans to third parties)

Other receivables (excluding loans to third parties) such as guarantee and deposit are considered to have low credit risk and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management consider 'low credit risk' for financial instruments when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. In calculating the ECL rates, the Group considers historical loss rates for other receivables (excluding loans to third parties), and adjusts for forward looking macroeconomic data. On that basis, the loss allowance for other receivables (excluding loans to third parties) was RMB143.05 million (2024: RMB268.37 million) as at 31 December 2025.

Loans to related and third parties

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(B) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Loans to related and third parties (Continued)

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group's entities. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in consolidated profit or loss.

The Group uses four categories for loans which reflect their credit risk and how the loan loss provision is determined for each of those categories.

A summary of the assumptions underpinning the Group's ECL model is as follows:

Category	Group definition of category	Basis for recognition of ECL provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Under performing	Loans for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 90 days past due	Lifetime expected losses
Write-off	There is no reasonable expectation of recovery	Asset is written off

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(B) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Loans to related and third parties (Continued)

Over the terms of the loans, the Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group considers historical loss rates for each category of loan, and adjusts for forward looking macroeconomic data. As at 31 December 2025, the Group provides for credit losses against loans to related parties and third parties as follows:

Company internal credit rating	ECL rate	Basis for recognition of ECL provision	Estimated gross carrying amount at default RMB'000	Carrying amount (net of impairment provision) RMB'000	Basis for calculation of interest revenue
Performing	18.6%	12 month expected losses	53,660,812	43,672,213	Gross carrying amount
Non-performing	91.7%	Lifetime expected losses	2,847,727	235,380	Amortised cost carrying amount (net of credit allowance)

The loss allowance for trade and other receivables and amounts due from related companies as at 31 December reconciles to the opening loss allowance as follows:

	Trade and other receivables		Amounts due from related companies	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Opening loss allowance as at 1 January	8,353,540	5,633,140	6,391,135	6,177,600
Increase in loss allowance recognised in consolidated profit or loss during the year	2,162,873	2,720,400	719,083	213,535
Reversal of previous written off	–	122,767	–	–
Receivables written off during the year as uncollectible	(3,397,614)	–	–	–
Unused amount reversed	–	(122,767)	–	–
Closing loss allowance at 31 December	7,118,799	8,353,540	7,110,218	6,391,135

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(B) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Loans to related and third parties (Continued)

Trade and other receivables and amounts due from related companies are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in consolidated profit or loss.

Impairment losses on trade and other receivables and amounts due from related companies are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

During the year, the following impairment losses or reversal were recognised in consolidated profit or loss:

	2025 RMB'000	2024 RMB'000
Impairment losses		
Movement in loss allowance for trade and other receivables and amounts due from related companies	2,881,956	2,811,168
(Reversal of provision)/provision on ECL on financial guarantee	(106,238)	516,115
Net impairment losses under ECL model	2,775,718	3,327,283

Of the above impairment losses, RMB448.37 million (2024: RMB245.69 million) relate to receivables arising from contracts with customers.

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(B) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Financial assets at fair value through profit or loss

The Group is also exposed to credit risk in relation to debt investments that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments (2025: RMB0.42 billion; 2024: RMB0.71 billion).

Financial guarantees

The loss allowance for financial guarantee provided for certain related and third parties was determined based on the same policy as loans to related and third parties. For guarantees in respect of mortgage facilities for certain purchasers of the Group's property units, if a buyer defaults, the Group is able to retain the buyer's deposits and sell the property to recover any amounts paid by the Group to the bank. Unless the selling price would drop by more than the buyer's outstanding mortgage loan balances, the Group may not be in a loss position in selling those properties out. In this regard, the Directors consider that the Group's credit risk is largely mitigated.

On that basis, the loss allowance for financial guarantees decreased from RMB608.14 million as at 31 December 2024 to RMB501.90 million as at 31 December 2025.

(C) Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents including proceeds from pre-sale of properties, short-term and long-term borrowings and other measures to meet its construction, investment and other commitments.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. Refer to note 2.1(iii) to the consolidated financial statements for details.

The table below analyse the remaining contractual maturities at the reporting date of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group can be required to pay.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 Financial risk management (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(C) Liquidity risk (Continued)

The amounts disclosed in the table are the undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

In RMB' million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2025					
Borrowings and interest payments	166,451	12,898	25,290	8,855	213,494
Trade and other payables (note 23)	235,986	45	55	14	236,100
Amounts due to related companies (note 42(D))	70,598	–	–	–	70,598
Financial guarantee contracts (note 36(A))	100,462	16,465	2,619	4,704	124,250
Lease liabilities	123	115	317	192	747
Derivative financial instruments	9,145	–	345	–	9,490
At 31 December 2024					
Borrowings and interest payments	202,660	25,332	66,183	32,083	326,258
Trade and other payables (note 23)	253,481	25	25	–	253,531
Amounts due to related companies (note 42(D))	51,028	–	–	–	51,028
Financial guarantee contracts (note 36(A))	98,264	6,722	1,277	1,455	107,718
Lease liabilities	106	72	190	274	642

Note:

- The interest payments on borrowings are calculated based on borrowings held as at 31 December 2025 and 2024 without taking into account of future borrowings. Floating-rate interest is estimated using the current interest rate at 31 December 2025 and 2024 respectively.
- Trade and other payables in this analysis do not include the taxes payables and payroll and welfare payables.

3 Financial risk management (Continued)

3.2 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debts.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) and lease liabilities less total cash (including cash and cash equivalents and restricted cash). Total capital is calculated by adding total equity and net debt.

The gearing ratios of the Group as at 31 December 2025 and 2024 were as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Total borrowings (note 24)	188,256,389	259,667,684
Lease liabilities (note 9)	567,207	445,054
Less: Restricted cash (note 18)	(6,325,590)	(12,014,562)
Cash and cash equivalents (note 19)	(5,681,859)	(7,730,669)
Net debt	176,816,147	240,367,507
Total capital	223,659,730	295,513,875
Gearing ratio	79.1%	81.3%

(i) Loan covenants

Certain of the Group's facilities are subject to the fulfilment of covenants. If the Group was to breach the covenants, related loans would become payable on demand. The covenants for those loans classified as non-current which total carrying amount was RMB97.62 million at the end of the reporting period is set out below:

- a. the total assets of the Group shall not be less than RMB500 billion; and
- b. the total borrowings of the Group shall not be more than RMB300 billion.

Above covenants are tested at the end of each annual reporting period and there are no indications that the Group would have difficulties complying with above covenants when they will be next tested.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4 Fair value estimation

(A) FINANCIAL ASSETS AND LIABILITIES

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Recurring fair value measurements					
At 31 December 2025	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets					
Financial assets at FVPL	13	8,563	–	9,762,347	9,770,910
Financial liabilities					
Derivative financial instruments	25	–	–	23,822,469	23,822,469

Recurring fair value measurements					
At 31 December 2024	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets					
Financial assets at FVPL	13	3,694	–	10,707,531	10,711,225
Financial liabilities					
Derivative financial instruments	25	–	–	3,430,262	3,430,262

4 Fair value estimation *(Continued)*

(A) FINANCIAL ASSETS AND LIABILITIES *(Continued)*

(i) Fair value hierarchy *(Continued)*

During the year ended 31 December 2025, there were no transfers between levels 1, 2 and 3 for recurring fair value measurements during this period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, debentures and derivative financial instruments.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- discounted cash flow method and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;
- market approach, equity allocation model, option pricing method and discounted cash flow model with observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability (the "DLOM"), discount rate, market multiples rate, etc; and
- for option embedded in the mandatory convertible bonds contracts-option pricing method or Monte-Carlo Simulation method with prominent factors that will materially affect value of the options, including terms and conditions of the option of the mandatory convertible bonds, expected volatility, discount rate, etc.

As at 31 December 2025 and 2024, the Group's level 3 instruments included equity investments measured at FVPL, debt instruments, option embedded in the convertible bonds, mandatory convertible bonds and shareholder mandatory convertible bond from offshore debt restructuring effective on 23 November 2023 (collectively, the "2023 Convertible Bonds"), option embedded in MCB 1 and MCB 2 and derivative component of debts under Asset Option. For the investment in unlisted equity securities and debt instruments, as these instruments are not traded in an active market, their fair values were determined by using various applicable valuation techniques, including market approach etc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4 Fair value estimation (Continued)

(A) FINANCIAL ASSETS AND LIABILITIES (Continued)

(iii) Fair value measurements using significant unobservable inputs (level 3) and valuation inputs and relationships to fair value

The following table presents the changes in level 3 items for the years ended 31 December 2025 and 31 December 2024:

	Financial assets at FVPL			Derivative financial instruments RMB'000
	Equity investment RMB'000	Debt instruments RMB'000	Total RMB'000	
Opening balance 1 January 2024	10,552,646	1,464,320	12,016,966	(2,108,145)
Additions	–	4,565,825	4,565,825	–
Deductions	(39,027)	(5,273,568)	(5,312,595)	–
Effect of onshore debt restructuring	–	–	–	(15,146)
Exercise of conversion of options attached to 2023 Convertible Bonds	–	–	–	373,538
Losses recognised in profit or loss*	(517,273)	(45,392)	(562,665)	(1,680,509)
Closing balance 31 December 2024	9,996,346	711,185	10,707,531	(3,430,262)
Additions	–	5,831,940	5,831,940	–
Deductions	–	(5,962,043)	(5,962,043)	–
Disposal of subsidiaries (note 41(B))	–	(184,506)	(184,506)	–
Effect of offshore and onshore debt restructuring (note 24)	–	–	–	(24,469,835)
Exercise of conversion of options attached to 2023 Convertible Bonds and MCB1 (note 20,22)	–	–	–	3,971,253
(Losses)/gains recognised in profit or loss*	(649,306)	18,731	(630,575)	106,375
Closing balance 31 December 2025	9,347,040	415,307	9,762,347	(23,822,469)

* includes unrealised gains/(losses) recognised in profit or loss attributable to balances held at the end of the reporting period

2025	(649,306)	(11,437)	(660,743)	106,375
2024	(497,193)	29	(497,164)	(1,680,509)

4 Fair value estimation (Continued)

(A) FINANCIAL ASSETS AND LIABILITIES (Continued)

(iii) Fair value measurements using significant unobservable inputs (level 3) and valuation inputs and relationships to fair value (Continued)

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

Description	Fair value at		Valuation method	Significant unobservable inputs	Range of significant unobservable inputs	
	31 December 2025 RMB'000	31 December 2024 RMB'000			2025	2024
Unlisted equity instruments	9,347,040	9,996,346	Market approach, equity allocation model, option pricing method and discounted cash flow model	DLOM	10.0%-23.0%	9.7%-27.0%
				Expected volatility rate	28.0%-116.6%	39.1%-86.9%
				Discount rate	14.5%	27.0%
Other financial instruments	415,307	711,185	Discounted cash flow model and net assets value	Discount rate	3.0%	3.1%
Derivative financial instruments	(23,822,469)	(3,430,262)	Monte-Carlo Simulation method and discounted cash flow model	Expected volatility rate	46.6%-109.3%	87.1%
				Discount rate	3.4%-14.9%	3.7%-14.4%

Relationships of unobservable inputs to fair value are as follows:

- The higher rate of discount rate, the lower fair value;
- The higher DLOM, the lower fair value;
- The higher rate of expected volatility, the lower fair value.

The management performs the valuation of financial instruments for financial reporting purposes. Unobservable inputs including DLOM, expected volatility rate and discount rate are assessed by the independent valuers based on current market assessments of the time value of money and the risk specific to the asset being valued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4 Fair value estimation (Continued)

(A) FINANCIAL ASSETS AND LIABILITIES (Continued)

(iv) Fair values of other financial instruments (unrecognised)

The Group also has a number of financial instruments which are not measured at fair value in the consolidated balance sheet. The carrying amounts of these financial instruments are a reasonable approximation of their fair values, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

(B) NON-FINANCIAL ASSETS AND LIABILITIES

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is provided in note 4(A).

At 31 December 2025		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Investment properties	(note 8)	–	–	15,415,175	15,415,175

At 31 December 2024		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Investment properties	(note 8)	–	–	19,237,181	19,237,181

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

During the year ended 31 December 2025, no transfers between different levels for non-financial assets and liabilities under recurring fair value measurements.

4 Fair value estimation *(Continued)*

(B) NON-FINANCIAL ASSETS AND LIABILITIES *(Continued)*

(ii) Valuation techniques used to determine level 3 fair values

At the end of each reporting period, the management of the Group update their assessment of the fair value of the investment properties, taking into account the most recent independent valuations. The management determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the management determine the fair value based on below valuation techniques:

- Income capitalisation method – capitalised income derived from the existing tenancies and the reversionary potential with unobservable inputs mainly including capitalisation rates and market rental prices;
- Residual method – used in valuing investment properties under development by establishing the market value on the premise that the properties will be developed and completed in accordance with its latest development plan. The residual valuation of valued properties can be expressed as the market value deducts the estimated costs to complete and developers' profit to reflect the total value of the partially completed development;
- Market approach – adopted as there is an active secondary market where such right of use of car park frequently bundled and traded in a manner substantially similar to the disposal of physical assets. The valuation is based on the market sales prices of comparable right of use of car park recently transacted in the same locations.

(iii) Fair value measurements using significant unobservable inputs (level 3) and valuation inputs and relationships to fair value

See note 8 for further information about the changes in level 3 items relating to investments properties for the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4 Fair value estimation (Continued)

(B) NON-FINANCIAL ASSETS AND LIABILITIES (Continued)

(iii) Fair value measurements using significant unobservable inputs (level 3) and valuation inputs and relationships to fair value (Continued)

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

Description	Fair value at		Valuation method	Significant unobservable inputs	Range of significant unobservable inputs	
	31 December 2025 RMB'000	31 December 2024 RMB'000			2025	2024
Office buildings and commercial properties	1,577,175	1,706,181	Income capitalisation method; Market approach	Prevailing market rents; Capitalisation rates; Market unit price; DLOM	RMB35-RMB137 per unit per month; capitalisation rates: 2%-5%; RMB25,000-RMB110,000 per unit; 30%-50%	RMB35-RMB190 per unit per month; capitalisation rates: 2.5%-7%; n/a n/a
Shopping malls	13,367,000	17,060,000	Income capitalisation method	Prevailing market rents; Capitalisation rates	RMB16-RMB248 per unit per month; capitalisation rates: 3.5%-7%	RMB16-RMB280 per unit per month; capitalisation rates: 4%-7%
Construction in progress	471,000	471,000	Residual method; Income capitalisation method	Prevailing market rents; Capitalisation rates; Developer's profit rate	RMB91 per unit per month; capitalisation rates: 4.5%-6%; Developer's profit rate: 15%	RMB95 per unit per month; capitalisation rates: 4.5%-6%; Developer's profit rate: 15%

4 Fair value estimation *(Continued)*

(B) NON-FINANCIAL ASSETS AND LIABILITIES *(Continued)*

(iii) Fair value measurements using significant unobservable inputs (level 3) and valuation inputs and relationships to fair value *(Continued)*

Relationships of unobservable inputs to fair value are as follows:

- The higher market rental price, the higher fair value;
- The higher rate of capitalisation rate, the lower fair value;
- The higher developer's profit rate, the lower fair value;
- The higher market unit price, the higher fair value;
- The higher DLOM, the lower fair value.

(iv) Valuation processes

As at 31 December 2025, management obtains independent valuations for its investment properties including office buildings, shopping malls and commercial properties. DTZ Cushman & Wakefield Limited performed the independent valuation of these buildings.

The major level 3 inputs used by the Group are derived and evaluated as follows:

Office buildings, shopping malls and commercial properties – market rental prices and capitalisation rates are estimated by independent valuer or management based on comparable transactions and industry data; market unit price is the prevailing transaction price per car park unit in the same place and the DLOM is a specific discount which is applied to reflect the inherent illiquidity of the assets;

Construction in progress – developer's profit rate is estimated based on market conditions as at 31 December 2025. The estimated costs to completion are consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(A) MAINLAND CHINA CORPORATE INCOME TAXES AND DEFERRED TAXATION

The Group's subsidiaries that operate in Mainland China are subject to income tax in Mainland China. Significant judgement is required in determining the provision for income tax and withholding tax on undistributed earnings of Mainland China subsidiaries. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters (including the effect of change in the dividend policies of Mainland China subsidiaries) is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

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

(B) MAINLAND CHINA LAND APPRECIATION TAX ("LAT")

The implementation and settlement of LAT varies among various tax jurisdictions in cities of Mainland China, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these land appreciation taxes based on management's best estimates according to its understanding of the interpretation of tax rules by various tax authorities. The final tax outcome could be different from the amounts that were initially recorded, and these differences will affect the income taxes and deferred income tax provisions in the years in which such taxes have been finalised with local tax authorities.

(C) ESTIMATED NET REALISABLE VALUE OF PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

The Group assesses the carrying amounts of properties under development and completed properties held for sale based on the net realisable value of these properties, taking into account variable selling expenses and costs to completion based on past experience and estimated selling price based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

5 Critical accounting estimates and judgements (Continued)

(D) FAIR VALUE OF INVESTMENT PROPERTIES

The Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuer. Significant judgement and assumptions are required in assessing the fair value of the investment properties. Details of the judgement and assumptions have been disclosed in note 4(B).

(E) IMPAIRMENT OF INVESTMENT

The Group tests assets for impairment whenever investments suffer any impairment in accordance to the accounting policies. Investments are reviewed for impairment, whenever events or changes in circumstances that may cause the carrying amounts to the investments to exceed their recoverable amounts. The recoverable amount of an investment is determined as the higher of cash generating unit (CGU)'s fair value less cost to sell and its value-in-use which require the use of assumptions. The estimation of fair value less cost of disposal was made mainly from public market information. The estimated future cash flows used in the value in use assessments are based on assumptions, such as selling price, sales volume, gross margin and discount rates. The assessment requires the use of judgement and estimates.

(F) ECL OF FINANCIAL ASSETS AND FINANCIAL GUARANTEE CONTRACTS

The ECL for financial assets and financial guarantee contracts are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 3.1(B).

(G) REVENUE RECOGNITION

The Group has recognised revenue from the sale of properties held for sale as disclosed in note 2.26. Revenue is recognised at a point in time when the buyer obtains control of the completed property. The properties have generally no alternative use for the Group due to contractual restrictions. However, whether there is an enforceable right to payment and hence the related contract revenue is recognised over time, depends on the terms of each contract and the relevant laws that apply to that contract. To assess the enforceability of right to payment, the Group has reviewed the terms of its contracts, the relevant local laws, the local regulators' views and obtained legal advice, when necessary, and a significant judgement is required.

As disclosed in note 36(A), the Group provides guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. These guarantees will expire when relevant property ownership certificates are mortgaged to banks by the purchasers. In order to obtain mortgage loans, the purchasers need to settle certain percentage of the total contract amount in accordance with related Mainland China regulations upon delivery of the properties. The Directors are of the opinion that such settlements provide sufficient evidence of the purchasers' commitment to honour contractual obligation of the bank loans. In addition, based on past experiences, there were no significant defaults of mortgage facilities by the purchasers resulting in the calling of the bank guarantees provided. Accordingly, the Directors believe that control of the properties have been transferred to the purchasers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5 Critical accounting estimates and judgements (Continued)

(H) ESTIMATION OF GOODWILL IMPAIRMENT

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial estimate of management covering a reasonably forecast period.

Cash flows beyond the forecasting period are extrapolated using the estimated growth rates stated in note 10. These growth rates are consistent with management's expectations of market development specific to the industry in which each CGU operates.

Details of impairment charge, key assumptions and impact of possible changes in key assumptions are disclosed in note 10.

(I) ESTIMATION OF THE FAIR VALUE OF CERTAIN FINANCIAL ASSETS AT FVPL, DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL INSTRUMENTS RECOGNISED AS AT THE DATE OF DEBT RESTRUCTURING

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see note 4(A) and note 24.

(J) ESTIMATED NET RECOVERABLE VALUE OF PP&E AND LAND USE RIGHTS

At the end of each reporting period, the Group assesses the impairment indicator of its PP&E and land use rights and estimates the recoverable amounts of the assets when any such indication exists. The recoverable amount of an asset is determined as the higher of fair value less cost to sell and its value-in-use which require the use of assumptions. The estimation of fair value less cost of disposal is made mainly from public market information. The estimated future cash flows used in the value-in-use assessments are based on assumptions, such as selling price, sales volume, gross margin and discount rates. The assessment requires the use of judgement and estimates. Details of impairment charge and key assumptions are disclosed in note 7.

(K) GOING CONCERN ASSUMPTION

The Directors consider that the Group has the ability to continue as a going concern. The assessment of the going concern assumption, as disclosed in note 2.1(iii), involves making judgements by the Directors, at the end of the reporting period, about the future outcome of events or conditions which are inherently uncertain.

6 Segment information

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

The executive directors of the Company review the Group's internal reporting in order to assess performance and allocate resources of the Group. The executive directors of the Company have determined the operating segments based on these reports.

The executive directors of the Company assess the performance of the Group organised as follows:

- Property development
- Cultural and tourism city construction and operation
- Property management
- All other segments

Other segments mainly include film and culture investment, office building rentals and other business. The results of these operations are included in the "all other segments" column.

The performance of above reportable segments is assessed based on a measure of profit before depreciation and amortisation, finance expenses and income tax expenses, which is defined as segment results. The segment results exclude onshore and offshore debt restructuring gains, gains or losses from fair value changes on financial assets at FVPL and derivative financial instruments and disposal gains or losses on financial assets at FVPL, which are managed on a central basis.

Segment assets primarily consist of all assets excluding deferred tax assets, prepaid income tax and financial assets at FVPL, which are managed on a central basis. Segment liabilities primarily consist of all liabilities excluding derivative financial instruments, deferred tax liabilities and current income tax liabilities.

The Group's revenue is mainly attributable to the market in the PRC and over 90% of the Group's non-current assets are located in the PRC. No geographical information is therefore presented.

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6 Segment information(Continued)

The segment results are as follows:

	Year ended 31 December 2025				Total RMB'000
	Property development RMB'000	Cultural and tourism city construction and operation RMB'000	Property management RMB'000	All other segments RMB'000	
Total segment revenue	33,050,878	4,731,544	6,816,162	642,274	45,240,858
Inter-segment revenue	-	-	(124,344)	-	(124,344)
Revenue from external customers	33,050,878	4,731,544	6,691,818	642,274	45,116,514
Segment gross (loss)/profit	(1,782,479)	2,421,493	1,242,532	253,471	2,135,017
Net impairment losses under ECL model	(2,319,553)	-	(456,165)	-	(2,775,718)
Net fair value losses on investment properties	-	(3,693,000)	(5,048)	(173,504)	(3,871,552)
Interest income	284,211	-	3,584	-	287,795
Finance income	61,313	4,528	21,218	107	87,166
Share of post-tax losses of associates and joint ventures accounted for using the equity method, net	(981,500)	(13,421)	(1,839)	(43,679)	(1,040,439)
Segment results	(20,667,498)	(10,221,584)	530,495	(384,803)	(30,743,390)
Other information					
Capital expenditure	241,526	384,090	144,142	86,131	855,889

	As at 31 December 2025				Total RMB'000
	Property development RMB'000	Cultural and tourism city construction and operation RMB'000	Property management RMB'000	All other segments RMB'000	
Total segment assets	665,659,540	58,495,898	11,516,592	7,936,049	743,608,079
Investments accounted for using the equity method	57,249,515	1,294,329	29,000	1,304,603	59,877,447
Total segment liabilities	616,430,623	22,910,386	4,176,334	6,505,548	650,022,891

6 Segment information(Continued)

The segment results are as follows: (Continued)

	Year ended 31 December 2024				
	Property development RMB'000	Cultural and tourism city construction and operation RMB'000	Property management RMB'000	All other segments RMB'000	Total RMB'000
Total segment revenue	61,234,808	5,208,104	6,969,501	697,262	74,109,675
Inter-segment revenue	–	–	(90,482)	–	(90,482)
Revenue from external customers	61,234,808	5,208,104	6,879,019	697,262	74,019,193
Segment gross profit	407,224	3,068,516	1,582,611	292,944	5,351,295
Net impairment losses under ECL model	(2,998,541)	–	(328,742)	–	(3,327,283)
Net fair value losses on investment properties	–	(1,396,000)	(9,960)	(168,549)	(1,574,509)
Interest income	1,258,985	–	9,026	–	1,268,011
Finance income	105,776	4,364	39,505	333	149,978
Share of post-tax losses of associates and joint ventures accounted for using the equity method, net	(1,572,055)	(6,826)	(829)	(51,326)	(1,631,036)
Segment results	(10,462,387)	(5,841,647)	769,873	(442,645)	(15,976,806)
Other information					
Capital expenditure	2,207,058	853,309	63,579	128,027	3,251,973
	As at 31 December 2024				
	Property development RMB'000	Cultural and tourism city construction and operation RMB'000	Property management RMB'000	All other segments RMB'000	Total RMB'000
Total segment assets	730,789,184	74,878,607	13,472,514	8,882,024	828,022,329
Investments accounted for using the equity method	59,781,070	1,307,500	33,464	1,726,089	62,848,123
Total segment liabilities	707,373,681	23,576,977	4,847,634	5,222,961	741,021,253

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6 Segment information (Continued)

Reportable segment results are reconciled to total loss for the year as follows:

	2025 RMB'000	2024 RMB'000
Total segment results	(30,743,390)	(15,976,806)
Depreciation and amortisation	(3,398,612)	(2,981,520)
Finance expenses	(12,004,727)	(11,831,772)
Other income and gains	33,103,931	8,789,363
Other expenses and losses	(655,874)	(2,248,143)
Income tax expenses	(10,411)	(3,155,149)
Loss for the year	(13,709,083)	(27,404,027)

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Total segment assets	743,608,079	828,022,329
Deferred tax assets	31,236,579	32,972,177
Prepaid income tax	10,063,662	11,177,420
Financial assets at FVPL	9,770,910	10,711,225
Total assets	794,679,230	882,883,151
Total segment liabilities	650,022,891	741,021,253
Current income tax liabilities	66,064,514	72,512,109
Derivative financial instruments	23,822,469	3,430,262
Deferred tax liabilities	7,925,773	10,773,159
Total liabilities	747,835,647	827,736,783

ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

The Group has recognised the following assets and liabilities related to contracts with customers:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Contract liabilities	131,386,203	157,208,070

6 Segment information (Continued)

ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS (Continued)

The Group had no material contract assets as at 31 December 2025 and 2024.

(i) Significant changes in contract liabilities

As at 31 December 2025, the contract liabilities mainly included the payments received from sales of properties which were usually received in advance of the performance under the contracts. The decrease in contract liabilities was mainly due to revenue from sales of properties recognised in profit or loss when the properties were delivered to customers and disposal of subsidiaries during the year.

(ii) Revenue recognised in relation to contract liabilities

Revenue totalled approximately RMB33.29 billion was recognised in current reporting period that was included in the contract liabilities balance at the beginning of the year.

(iii) Unsatisfied sales contracts

As of 31 December 2025, management expected that the contract amounts allocated to unsatisfied performance obligations of RMB70.64 billion would be recognised as revenue during the reporting period of 2026 and the contract amounts of RMB67.72 billion would be recognised as revenue after the reporting period of 2026.

(iv) Assets recognised from costs to obtain a contract

	31 December 2025 RMB'000	31 December 2024 RMB'000
Contract costs	3,139,366	4,026,070

In addition to the contract balances disclosed above, the Group has also recognised the sales commissions directly attributable to obtaining a contract as contract costs in the consolidated balance sheet. These assets will be amortised as selling expenses in line with relevant revenue recognition. Sales commissions totalled RMB0.25 billion was recognised as contract costs during the year and RMB1.08 billion has been amortised in current reporting period. Management expects that RMB0.99 billion of the contract costs will be recognised as selling expenses during the reporting period of 2026 and RMB2.15 billion would be recognised after the reporting period of 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7 Property, plant and equipment

	Note	Buildings and equipment RMB'000	Vehicles RMB'000	Furniture and office equipment RMB'000	Leasehold Improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2024							
Cost		80,113,993	131,667	863,177	864,837	10,927,964	92,901,638
Accumulated depreciation and impairment		(26,036,433)	(84,931)	(534,926)	(508,709)	(123,404)	(27,288,403)
Net book amount		54,077,560	46,736	328,251	356,128	10,804,560	65,613,235
Year ended 31 December 2024							
At 1 January 2024		54,077,560	46,736	328,251	356,128	10,804,560	65,613,235
Additions		1,414,468	9,302	26,696	45,685	913,737	2,409,888
Transfers		1,576,189	–	–	–	(1,576,189)	–
Transfers from CPHFS		93,820	–	–	–	–	93,820
Transfers to investment properties	8	(151,811)	–	–	–	–	(151,811)
Transfers to PUDs		–	–	–	–	(583,202)	(583,202)
Disposal of subsidiaries		(367,745)	(290)	(2,311)	(281)	(179,105)	(549,732)
Disposals		(4,687,062)	(2,214)	(17,643)	(8,033)	(1,023,973)	(5,738,925)
Depreciation charges		(2,242,917)	(11,674)	(40,121)	(75,925)	–	(2,370,637)
Impairment charges	30	(5,860,756)	–	–	–	–	(5,860,756)
At 31 December 2024		43,851,746	41,860	294,872	317,574	8,355,828	52,861,880
At 31 December 2024							
Cost		75,366,828	121,524	802,808	896,845	8,398,567	85,586,572
Accumulated depreciation and impairment		(31,515,082)	(79,664)	(507,936)	(579,271)	(42,739)	(32,724,692)
Net book amount		43,851,746	41,860	294,872	317,574	8,355,828	52,861,880
Year ended 31 December 2025							
At 1 January 2025		43,851,746	41,860	294,872	317,574	8,355,828	52,861,880
Additions		287,874	4,787	25,171	59,346	360,790	737,968
Transfer		431,741	–	–	–	(431,741)	–
Transfers from PUDs		–	–	–	–	127,915	127,915
Transfers to CPHFS and PUDs		(476,078)	–	–	–	(256,986)	(733,064)
Disposal of subsidiaries	41(B)	(2,188)	(429)	(978)	(4,086)	–	(7,681)
Disposals		(1,802,682)	(4,528)	(2,708)	(13,049)	(478,624)	(2,301,591)
Depreciation charges		(2,556,364)	(7,527)	(42,386)	(70,289)	–	(2,676,566)
Impairment charges	30,(III)	(6,502,099)	–	–	–	(417,627)	(6,919,726)
At 31 December 2025		33,231,950	34,163	273,971	289,496	7,259,555	41,089,135
At 31 December 2025							
Cost		73,509,649	108,884	803,165	924,791	7,677,182	83,023,671
Accumulated depreciation and impairment		(40,277,699)	(74,721)	(529,194)	(635,295)	(417,627)	(41,934,536)
Net book amount		33,231,950	34,163	273,971	289,496	7,259,555	41,089,135

7 Property, plant and equipment (Continued)

Depreciation expense of RMB2,320.77 million, RMB322.24 million and RMB33.56 million (2024: RMB2,022.15 million, RMB306.20 million and RMB42.29 million) has been charged to “cost of sales”, “administrative expenses” and “selling and marketing costs” respectively.

(I) NON-CURRENT ASSETS PLEDGED AS SECURITY

Refer to note 37 for information on non-current assets pledged as security by the Group.

(II) CONTRACTUAL OBLIGATIONS

Refer to note 35 for disclosure of contractual obligations to purchase, construct or develop buildings.

(III) IMPAIRMENT OF PP&E AND LAND USE RIGHTS

As at 31 December 2025, the management of the Group identified impairment indicators of CGUs in the cultural and tourism city construction and operation segment as a result of deterioration in economic conditions and carried out an impairment review on the CGUs' non-current assets, mainly PP&E and land use rights (note 9). The recoverable amounts of those CGUs, to which these assets were belonged, were determined as the higher of fair value less cost to sell and its value-in-use.

The valuation models used to estimate the fair values of relevant assets were with reference to recent prices of similar assets of similar conditions when such prices could be reliably obtained, where applicable. The fair values upon which recoverable amounts of these assets were based were within level 3 of fair value hierarchy. Key assumptions mainly include land price per square meter (ranging from RMB1,653 per square meter to RMB3,711 per square meter). In addition, the value-in-use calculation used cash flow projections in respect of certain CGUs based on financial forecasts approved by management covering ten years.

The key assumptions used in value-in-use calculation during the ten-year forecast period are as follows:

Assumption	CGUs in cultural and tourism city construction and operation segment
2025	
Revenue growth rate	4.4%-22.5%
Profit margin before interest, taxes, depreciation and amortisation	13.2%-55.9%
Pre-tax discount rate	9.7%-10.7%
2024	
Revenue growth rate	3.0%-16.4%
Profit margin before interest, taxes, depreciation and amortisation	16.6%-56.0%
Pre-tax discount rate	10.0%-10.7%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7 Property, plant and equipment (Continued)

(III) IMPAIRMENT OF PP&E AND LAND USE RIGHTS (Continued)

The management determined the budgeted revenue growth rate and profit rate based on past performance and its expectation for market development. The discount rate used is pre-tax and reflects specific risks relating to the relevant CGUs. Cash flows beyond the forecast period are extrapolated using growth rate of 2.0% (2024: 2.0%), which does not exceed the long-term average growth rate for the business in which the CGU operates.

As at 31 December 2025, the recoverable amounts of the impaired CGUs were totalled RMB22.27 billion, accordingly, impairment losses of RMB6.92 billion were recognised in “Other expenses and losses” for the year ended 31 December 2025.

8 Investment properties

Office buildings, shopping malls and commercial properties measured at fair value:

	Note	2025 RMB'000	2024 RMB'000
At 1 January		19,237,181	22,098,863
Additions		73,230	–
Transfers from PP&E	7	–	151,811
Transfers from right of use assets		–	427,016
Disposal of subsidiaries	41(B)	(22,393)	(64,000)
Fair value changes	30	(3,871,552)	(1,574,509)
Disposals		(1,291)	(1,802,000)
At 31 December		15,415,175	19,237,181

The Group's investment properties are office buildings, shopping malls and commercial properties located in the PRC.

Refer to note 4(B) for the valuation techniques and significant inputs used in fair value measurements of investment properties.

8 Investment properties (Continued)

(I) AMOUNTS RECOGNISED IN CONSOLIDATED PROFIT OR LOSS FOR INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
Rental income	852,851	803,446
Direct operating expenses from property that generated rental income	(440,986)	(398,930)
Fair value changes recognised in other expenses and losses	(3,871,552)	(1,574,509)

(II) NON-CURRENT ASSETS PLEDGED AS SECURITY

Refer to note 37 for information on non-current assets pledged as security by the Group.

(III) CONTRACTUAL OBLIGATIONS

Refer to note 35 for disclosure of contractual obligations to purchase, construct or develop investment properties.

(IV) LEASING ARRANGEMENTS

The investment properties are leased to tenants under operating leases with rentals payable monthly. There are no significant variable lease payments that depend on an index or rate.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Minimum lease payments receivable on leases of investment properties are as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	661,023	624,121
Later than 1 year but no later than 5 years	949,855	1,030,303
Later than 5 years	311,903	304,699
	1,922,781	1,959,123

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9 Leases

This note provides information for leases where the Group is a lessee.

(I) AMOUNTS RECOGNISED IN THE CONSOLIDATED BALANCE SHEET

The consolidated balance sheet shows the following amounts relating to leases:

	Land use rights RMB'000	Properties RMB'000	Vehicles RMB'000	Total right-of- use assets RMB'000
At 1 January 2025				
Cost	13,930,103	1,021,269	39,904	14,991,276
Accumulated depreciation	(1,954,711)	(739,108)	(35,142)	(2,728,961)
Net book amount	11,975,392	282,161	4,762	12,262,315
Year ended 31 December 2025				
1 January 2025	11,975,392	282,161	4,762	12,262,315
Additions	31,184	234,699	2,075	267,958
Transfers from PUDs	130,386	–	–	130,386
Transfers to CPHFS and PUDs	(303,269)	–	–	(303,269)
Disposals	(573,456)	(18,750)	(211)	(592,417)
Depreciation charge	(388,433)	(113,774)	(3,919)	(506,126)
31 December 2025	10,871,804	384,336	2,707	11,258,847
At 31 December 2025				
Cost	13,085,899	1,181,605	38,739	14,306,243
Accumulated depreciation	(2,214,095)	(797,269)	(36,032)	(3,047,396)
Net book amount	10,871,804	384,336	2,707	11,258,847

9 Leases (Continued)

(I) AMOUNTS RECOGNISED IN THE CONSOLIDATED BALANCE SHEET (Continued)

	31 December 2025 RMB'000	31 December 2024 RMB'000
Lease liabilities		
Current	111,527	100,443
Non-current	455,680	344,611
Total lease liabilities	567,207	445,054

Depreciation expense of RMB388.43 million and RMB117.69 million (2024: RMB311.66 million and RMB93.66 million) was charged to "cost of sales" and "administrative expenses" respectively.

(II) AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The consolidated statement of profit or loss shows the following amounts relating to leases:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets		
Land use rights	388,433	311,662
Properties	113,774	86,139
Vehicles	3,919	7,520
Total depreciation charge of right-of-use assets	506,126	405,321
Interest expense (included in finance cost)	75,919	39,579
Expense relating to short-term leases and low-value assets (included in cost of sales, selling and marketing expenses and administrative expenses)	25,977	36,951

The total cash outflow for leases in 2025 amounted to RMB0.19 billion (2024: RMB0.21 billion).

(III) THE GROUP'S LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR

The Group obtained land use rights from the mainland China government with fixed period of 40 years. Beside this, the Group leases various offices and vehicles. Rental contracts are typically made for fixed periods of 1 to 15 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10 Intangible assets

	Note	Goodwill (A) RMB'000	Concession Right RMB'000	Customer relationships and others RMB'000	Total RMB'000
At 1 January 2024					
Cost		8,638,262	–	2,705,940	11,344,202
Accumulated amortisation and impairment		(6,487,639)	–	(1,906,946)	(8,394,585)
Net book amount		2,150,623	–	798,994	2,949,617
Year ended 31 December 2024					
Opening net book amount		2,150,623	–	798,994	2,949,617
Additions		–	776,150	40,392	816,542
Disposals of subsidiaries		–	–	(2,481)	(2,481)
Amortisation charges		–	–	(205,562)	(205,562)
Impairment charges	30	(471,597)	–	(232)	(471,829)
Disposals		–	–	(1,696)	(1,696)
Closing net book amount		1,679,026	776,150	629,415	3,084,591
At 31 December 2024					
Cost		8,638,262	776,150	2,740,810	12,155,222
Accumulated amortisation and impairment		(6,959,236)	–	(2,111,395)	(9,070,631)
Net book amount		1,679,026	776,150	629,415	3,084,591
Year ended 31 December 2025					
Opening net book amount		1,679,026	776,150	629,415	3,084,591
Additions		–	–	13,507	13,507
Disposals of subsidiaries	41(B)	(519,909)	–	(66,414)	(586,323)
Amortisation charges		–	(59,355)	(156,565)	(215,920)
Impairment charges	30	(505,274)	–	(80,593)	(585,867)
Disposals		–	–	(163)	(163)
Closing net book amount		653,843	716,795	339,187	1,709,825
At 31 December 2025					
Cost		8,118,353	776,150	2,610,348	11,504,851
Accumulated amortisation and impairment		(7,464,510)	(59,355)	(2,271,161)	(9,795,026)
Net book amount		653,843	716,795	339,187	1,709,825

Amortisation expense of RMB63.69 million, RMB147.63 million and RMB4.60 million (2024: RMB125.37 million, RMB75.06 million and RMB5.13 million) was charged to “cost of sales”, “administrative expenses” and “selling and marketing costs” respectively.

10 Intangible assets (Continued)

(A) IMPAIRMENT TESTS FOR GOODWILL

Goodwill was generated from business combination and allocated to each project or a group of projects, which is expected to benefit from the synergies of the combination. Each project is identified as a CGU and the recoverable amount of a CGU or group of CGUs is determined based on value-in-use method.

A segment-level summary of the goodwill allocation is presented below.

	31 December 2025 RMB'000	31 December 2024 RMB'000
Property management (i)	653,843	1,173,752
Property development (ii)	–	396,857
All other segments (iii)	–	108,417
	653,843	1,679,026

- (i) The goodwill of property management mainly included the goodwill generated from acquisition of Zhejiang New Century Property Management Co., Ltd. (the “NCPM”) and its subsidiaries (collectively, the “NCPM Group”). Management regards NCPM Group as a separate group of CGUs and reviews the business performance and monitors the goodwill on individual CGU basis.
- (ii) The goodwill allocated in property development segment generated from business combination of certain property development projects. Each property development project is identified as a CGU. Management reviews the business performance and monitors the goodwill on individual CGU basis.
- (iii) The goodwill of all other segments mainly included the goodwill generated from acquisition of Le Vision Pictures (Beijing) Co. Ltd., Base Media Technology Group Ltd., Shanghai Base Culture Media Co., Ltd. and Beijing Dream Castle Culture Co., Ltd. (collectively, the “Dream Castle Culture”). Management reviews the business performance and monitors the goodwill on individual CGU basis.
- (iv) The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

Assumption	NCPM Group
2025	
Annual revenue growth rate	1.5%-7.2%
Profit margin	6.6%-8.7%
Terminal growth rate	2.0%
Pre-tax discount rate	17.5%
2024	
Annual revenue growth rate	(4.0%)-3.5%
Profit margin	6.9%-10.3%
Terminal growth rate	2.0%
Pre-tax discount rate	18.6%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10 Intangible assets (Continued)

(A) IMPAIRMENT TESTS FOR GOODWILL (Continued)

Management has determined the values assigned to each of the above key assumptions as follows:

Annual revenue growth rate	Average annual growth rate over the five-year forecast period was based on past performance and management's expectations of market development.
Profit margin	Profit margin was based on past performance and management's expectations for the future.
Terminal growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are long-term average growth rate for the related industry in which the CGU operates.
Pre-tax discount rates	Reflect specific risks relating to the relevant industry and the region in which they operate.

Except for the goodwill allocated to NCPM Group, there is no individual CGU for which the carrying amount of goodwill is significant in comparison with the total carrying amount of goodwill. The key assumptions used to determine the recoverable amount of each of the remaining CGU include the future unit selling price, revenue growth rate, profit rate, terminal growth rate, estimated future costs to complete the project development and pre-tax discount rate.

As at 31 December 2025, according to the managements estimation of the recoverable amount of certain property development projects and Dream Castle Culture, the recoverable amount which were lower than the carrying amounts of the CGU (including goodwill) and leading to fully impairment charge of RMB0.51 billion on goodwill for the year ended 31 December 2025. The impairment provision arose in certain property development projects and Dream Castle Culture as a result of deterioration in expected profitability in the changing market environment during the year ended 31 December 2025.

As at 31 December 2025, the recoverable amount of NCPM Group of approximately RMB683.99 million, which was calculated based on value-in-use calculation, exceeded the carrying amount of the tested group of CGUs (including goodwill) by approximately RMB41.00 million. If the annual revenue growth rate used in value-in-use calculation had been 5% lower than management estimates as of 31 December 2025, the recoverable amount would be higher than the carrying amount by approximately RMB33.63 million. If the expected pre-tax discount rate had been 5% higher than management estimates as of 31 December 2025, the recoverable amount calculated would be higher than the carrying amount by approximately RMB0.81 million. If the profit margin used in value-in-use calculation had been 5% lower than management estimates as of 31 December 2025, the recoverable amount would be higher than the carrying amount by approximately RMB5.09 million.

10 Intangible assets (Continued)

(A) IMPAIRMENT TESTS FOR GOODWILL (Continued)

The Directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that would have resulted in a significant impairment against the goodwill of the Group.

11 Investments accounted for using the equity method

The amounts recognised in the consolidated balance sheet are as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Joint ventures	44,467,980	47,334,307
Associates	15,409,467	15,513,816
	59,877,447	62,848,123

The share of losses from investments accounted for using the equity method recognised in the statement of comprehensive income were as follows:

	2025 RMB'000	2024 RMB'000
Share of losses of joint ventures, net	(870,092)	(805,127)
Share of losses of associates, net	(170,347)	(825,909)
	(1,040,439)	(1,631,036)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11 Investments accounted for using the equity method (Continued)

11.1 INVESTMENTS IN JOINT VENTURES

An analysis of the movement of equity investments in joint ventures is as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	47,334,307	53,400,856
Increasing:		
– New investments in joint ventures	88,952	126,200
– Subsidiaries becoming joint ventures	1,479,846	787,123
Decreasing:		
– Disposal and capital decreasing of joint ventures (c)	(1,399,308)	(4,385,154)
– Impact on asset acquisition transactions	(181,132)	(1,170,142)
Share of losses of joint ventures, net	(870,092)	(805,127)
Dividends from joint ventures (b)	(1,984,593)	(619,449)
At end of year	44,467,980	47,334,307

Note:

- (a) All joint ventures are non-listed companies. Except a joint venture named Summer Sky Investments Limited is incorporated in Hong Kong, all remaining joint ventures of the Group are incorporated in Mainland China.
- (b) Together with RMB118.77 million dividends from associates (note 11.2), among which, substantial amounts were settled by offsetting against amounts due to relevant counterparties.
- (c) For disposal and capital decreasing of joint ventures and associates (note 11.2), the Group recorded cash inflow of RMB145.98 million for the year ended 31 December 2025. The majority of the remaining consideration was settled by offsetting balances with relevant counterparties.

(i) The following table lists the principal joint ventures of the Group as at 31 December 2025 and 2024:

Name of joint ventures	Registered/ Paid-in capital (RMB' million)	% of ownership interest		Principal activities
		31 December 2025	31 December 2024	
Qingdao Haixi Cultural Development Co., Ltd.	1,554	65%	65%	Real estate development
Changsha Guangda Exhibition Development and Operation Co., Ltd.	2,750	49%	49%	Real estate development
Putian Lianrongsheng Real Estate Co., Ltd.	2,240	49%	49%	Real estate development
Shanghai Rongchuang Ruifeng Real Estate Co., Ltd.	100	51%	NA	Real estate development
Xi'an Sirui Real Estate Co., Ltd.	1	80%	80%	Real estate development

The Group's control over decisions about the relevant activities requires unanimous consent with other equity investment partners in the joint ventures in accordance with the joint ventures' articles of associations.

The entities listed above have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

11 Investments accounted for using the equity method (Continued)

11.1 INVESTMENTS IN JOINT VENTURES (Continued)

(ii) Commitments in respect of joint ventures

	31 December 2025 RMB'000	31 December 2024 RMB'000
Commitments – joint ventures		
Commitments to provide funding for joint venture's capital commitments	2,905,748	4,256,541

(iii) Summarised financial information of material joint ventures

Set out below is the summarised financial information for the material joint ventures:

	Joint venture – A		Joint venture – B		Joint venture – C		Joint venture – D*	
	31 December 2025 RMB'000	31 December 2024 RMB'000	31 December 2025 RMB'000	31 December 2024 RMB'000	31 December 2025 RMB'000	31 December 2024 RMB'000	31 December 2025 RMB'000	31 December 2024 RMB'000
Summarised balance sheet								
Current assets								
Cash and cash equivalents	-	185,278	-	-	358,329	376,783	52,377	-
Other current assets	2,578,583	2,429,837	498,617	505,115	2,155,321	2,163,542	18,902,143	-
Total current assets	2,578,583	2,615,115	498,617	505,115	2,513,650	2,540,325	18,954,520	-
Non-current assets	817,800	825,501	2,602,284	2,647,602	1,030	499	1,443,114	-
Current liabilities								
Other current liabilities	1,193,797	1,225,395	544,675	558,620	77,631	128,394	17,492,019	-
Non-current liabilities								
Other non-current liabilities	12,561	15,704	-	-	-	-	151,015	-
Net assets	2,190,025	2,199,517	2,556,226	2,594,097	2,437,049	2,412,430	2,754,600	-

* Joint venture D became a new joint venture of the Group for the year ended 31 December 2025. See note 41(D)(ii) for further information of this transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11 Investments accounted for using the equity method (Continued)

11.1 INVESTMENTS IN JOINT VENTURES (Continued)

(iii) Summarised financial information of material joint ventures (Continued)

	Joint venture – A		Joint venture – B		Joint venture – C		Joint venture – D	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Reconciliation to carrying amounts:								
Opening net assets 1 January/the date of acquisition	2,199,517	1,915,739	2,594,097	2,630,491	2,412,430	2,238,275	2,754,600	-
(Loss)/profit for the period	(9,492)	283,778	(37,871)	(36,394)	24,619	174,155	-	-
Closing net assets	2,190,025	2,199,517	2,556,226	2,594,097	2,437,049	2,412,430	2,754,600	-
Group's share in %	65%	65%	49%	49%	49%	49%	51%	-
Carrying amount	1,423,516	1,429,686	1,252,551	1,271,108	1,194,154	1,182,091	1,404,846	-
Revenue	22,336	2,213,905	-	-	8,683	1,879,175	-	-
Income tax credit/ (expense)	3,163	(101,329)	12,624	12,131	(10,386)	(69,601)	-	-
(Loss)/profit for the period	(9,492)	283,778	(37,871)	(36,394)	24,619	174,155	-	-
Dividend from joint venture	-	-	-	-	-	-	-	-

The information above reflects the amounts presented in the financial statements of the joint venture, adjusted for differences in accounting policies between the Group and the joint venture, and not the Company's share of those amounts.

11 Investments accounted for using the equity method (Continued)

11.1 INVESTMENTS IN JOINT VENTURES (Continued)

(iv) Aggregate information of joint ventures that are not individually material:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Aggregate carrying amount of the Group's interests in these joint ventures	39,192,913	43,451,422
	2025 RMB'000	2024 RMB'000
The Group's share of post-tax losses, net	(857,429)	(1,057,086)
The Group's share of total comprehensive losses	(857,429)	(1,057,086)

11.2 INVESTMENTS IN ASSOCIATES

An analysis of the movement of equity investments in associates is as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	15,513,816	15,850,233
Increasing:		
– New investments in associates	3,000	206,000
– Subsidiaries becoming associates	1,616,717	348,692
Decreasing:		
– Disposal and capital decreasing of associates	(1,434,954)	(51,243)
Share of losses of associates, net	(170,347)	(825,909)
Dividends from associates	(118,765)	(13,957)
At end of year	15,409,467	15,513,816

Note:

- (a) As at 31 December 2025, all associates of the Group are incorporated in Mainland China except an associate named Ease Joy (Cayman) Investment Limited with its subsidiaries registered in Cayman Islands, British Virgin Islands ("BVI") and Hong Kong. All associates of the Group are non-listed companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11 Investments accounted for using the equity method (Continued)

11.2 INVESTMENTS IN ASSOCIATES (Continued)

(i) As at 31 December 2025 and 2024, the Group had interests in the following principal associates:

Name of associates	Registered/ Paid-in capital (RMB million)	% of ownership interest		Principal activities
		31 December 2025	31 December 2024	
Wuhan Rong City Creation Investment Development Co., Ltd.	10	50%	50%	Real estate development
Wuhan Xincheng International Expo Center Co., Ltd.	500	30%	30%	Real estate development
Chongqing Changrong Real Estate Development Co., Ltd.	100	70%	NA	Real estate development
Tianjin Poly Sunac Investment Co., Ltd.	2,000	49%	49%	Real estate development
Qingdao Movie Metropolis Industrial Holding Group, Ltd	10	49%	49%	Movie Metropolis operation

The entities listed above have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11 Investments accounted for using the equity method (Continued)

11.2 INVESTMENTS IN ASSOCIATES (Continued)

(iii) Reconciliation of summarised financial information

Reconciliation of the above financial information presented to the carrying amount of the Group's interests in the associate:

	Associate – A		Associate – B		Associate – C	
	31 December 2025 RMB'000	31 December 2024 RMB'000	31 December 2025 RMB'000	31 December 2024 RMB'000	31 December 2025 RMB'000	31 December 2024 RMB'000
Equity attributable to equity holders of the associate	4,042,731	4,118,679	1,270,684	1,159,505	1,582,426	–
The Group's equity interest share	50%	50%	30%	30%	70%	–
Interest in the associate	2,021,366	2,059,340	381,205	347,852	1,107,698	–
Goodwill	–	–	1,708,444	1,708,444	93,134	–
Carrying amount	2,021,366	2,059,340	2,089,649	2,056,296	1,200,832	–

Aggregate information of associates that are not individually material:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Aggregate carrying amount of the Group's interests in these associates	10,097,620	11,398,180
	2025 RMB'000	2024 RMB'000
The Group's share of post-tax losses, net	(147,311)	(770,725)
The Group's share of total comprehensive losses	(147,311)	(770,725)

12 Deferred income tax

(I) DEFERRED TAX ASSETS

	31 December 2025 RMB'000	31 December 2024 RMB'000
Deferred tax assets (hereafter "DTA"):	40,955,390	42,477,423
– to be recovered within 12 months	5,212,923	6,776,175
– to be recovered after more than 12 months	35,742,467	35,701,248
Set-off of deferred tax liabilities pursuant to set-off provisions	(9,718,811)	(9,505,246)
Net DTA	31,236,579	32,972,177

The movement on DTA during the year, without taking into consideration of offsetting of balance within the same tax jurisdiction, is as follows:

Movements	Unpaid LAT RMB'000	Deductible tax loss RMB'000	Impairment provision RMB'000	Accruals expenses for tax purpose RMB'000	Fair value change RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	8,958,190	19,169,165	11,267,836	1,311,048	1,556,780	142,905	42,405,924
Credited/(charged) to consolidated profit or loss	664,647	(1,368,015)	1,511,168	294,932	238,198	(31,641)	1,309,289
Acquisition of assets and liabilities through acquisition of subsidiaries	78,985	183,960	7,424	1,344	-	-	271,713
Disposal of subsidiaries	(311,494)	(1,132,939)	-	-	(65,070)	-	(1,509,503)
At 31 December 2024	9,390,328	16,852,171	12,786,428	1,607,324	1,729,908	111,264	42,477,423
At 1 January 2025	9,390,328	16,852,171	12,786,428	1,607,324	1,729,908	111,264	42,477,423
Credited/(charged) to consolidated profit or loss	119,285	(819,370)	1,063,950	310,997	703,855	30,538	1,409,255
Acquisition of assets and liabilities through acquisition of subsidiaries	73,191	88,885	-	-	-	-	162,076
Disposal of subsidiaries (note 41(B))	(1,286,389)	(1,552,526)	-	(250,607)	(3,842)	-	(3,093,364)
At 31 December 2025	8,296,415	14,569,160	13,850,378	1,667,714	2,429,921	141,802	40,955,390

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12 Deferred income tax (Continued)

(II) DEFERRED TAX LIABILITIES

	31 December 2025 RMB'000	31 December 2024 RMB'000
Deferred tax liabilities (hereafter "DTL"):	17,644,584	20,278,405
– to be settled within 12 months	2,198,240	4,623,564
– to be settled after more than 12 months	15,446,344	15,654,841
Set-off of deferred tax liabilities pursuant to set-off provisions	(9,718,811)	(9,505,246)
Net DTL	7,925,773	10,773,159

The movement on DTL during the year, without taking into consideration of offsetting of balance within the same tax jurisdiction, is as follows:

Movements	Deferred LAT		Deferred corporate income tax					Total
	Fair value surplus at acquisitions	Fair value surplus at acquisitions	Fair value change	Prepaid LAT	Dividend tax for Mainland China entities' distributable profits	Right-of-use assets	Others	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	10,185,006	9,381,467	364,348	2,704,422	579,881	99,500	1,203,072	24,517,696
Credited to consolidated profit or loss	-	(737,003)	(202,486)	(10,888)	(579,881)	(14,493)	(167,927)	(1,712,678)
Transfer to tax payable	(863,516)	-	-	-	-	-	-	(863,516)
Disposal of subsidiaries	(839,178)	(647,840)	-	(147,452)	-	-	(28,627)	(1,663,097)
At 31 December 2024	8,482,312	7,996,624	161,862	2,546,082	-	85,007	1,006,518	20,278,405
At 1 January 2025	8,482,312	7,996,624	161,862	2,546,082	-	85,007	1,006,518	20,278,405
(Credited)/charged to consolidated profit or loss	-	(407,180)	(161,027)	(658,705)	-	23,057	(196,675)	(1,400,530)
Transfer to tax payable	(978,103)	-	-	-	-	-	-	(978,103)
Acquisition of assets and liabilities through acquisition of subsidiaries	-	-	-	10,050	-	-	-	10,050
Disposal of subsidiaries (note 41(B))	(151,015)	(9,996)	-	(79,226)	-	-	(25,001)	(265,238)
At 31 December 2025	7,353,194	7,579,448	835	1,818,201	-	108,064	784,842	17,644,584

13 Financial assets at fair value through profit or loss

	31 December 2025 RMB'000	31 December 2024 RMB'000
Listed equity securities	8,563	3,694
Unlisted equity securities	9,347,040	9,996,346
Debentures	415,307	711,185
	9,770,910	10,711,225

For information about the methods and assumptions used in determining the fair value of financial assets at FVPL, refer to note 4(A) to the consolidated financial statements.

(A) AMOUNTS RECOGNISED IN CONSOLIDATED PROFIT OR LOSS

During the year, the following gains/(losses) were recognised in consolidated profit or loss:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Fair value losses on financial assets at FVPL	(655,874)	(502,133)
Gains/(losses) from disposal of financial assets at FVPL	30,168	(65,501)

14 Properties under development

	31 December 2025 RMB'000	31 December 2024 RMB'000
Comprising:		
Land use rights costs	214,587,485	246,995,971
Construction costs and capitalised expenditures	83,131,897	98,043,733
Capitalised finance costs	90,092,145	93,760,441
	387,811,527	438,800,145
Less: provision for loss on net realisable values	(29,943,298)	(31,407,089)
	357,868,229	407,393,056
Including: To be completed within 12 months	121,663,553	97,124,419
To be completed after 12 months	236,204,676	310,268,637
	357,868,229	407,393,056

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14 Properties under development (Continued)

The properties under development are all located in the PRC.

Costs to fulfil contracts carried forward from prior year of RMB12.33 billion was recognised as cost of good sales in the current reporting period.

At 31 December 2025, properties under development included the costs to fulfil contracts amounting to RMB83.86 billion.

Write-downs of properties under development amounted to RMB4.76 billion for the year ended 31 December 2025. The amounts were charged to cost of sales in the consolidated statement of comprehensive income.

Refer to note 37 for information on current assets pledged as security by the Group.

15 Completed properties held for sale

	31 December 2025 RMB'000	31 December 2024 RMB'000
Completed properties held for sale	120,778,376	122,806,448
Less: provision for loss on net realisable value	(17,382,653)	(14,392,599)
	103,395,723	108,413,849

The completed properties held for sale are all located in the PRC.

Costs to fulfil contracts carried forward from prior year of RMB15.90 billion was recognised as cost of good sales in the current reporting period.

At 31 December 2025, completed properties held for sale included the costs to fulfil contracts amounting to RMB44.48 billion.

Write-downs of completed properties held for sale amounted to RMB1.99 billion. The amounts were charged to cost of sales in the consolidated statement of comprehensive income.

Refer to note 37 for information on current assets pledged as security by the Group.

16 Trade and other receivables

	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current –		
Other receivables (iii)	40,619	48,461
Less: loss allowance (v)	(1,212)	(1,446)
	39,407	47,015
Current –		
Trade receivables from contracts with customers (i)	4,915,503	4,645,881
Amounts due from non-controlling interests and their related parties (ii)	19,961,528	23,006,992
Note receivables	51,245	54,896
Deposit receivables	3,327,013	5,129,301
Other receivables (iii)	25,786,265	27,686,456
	54,041,554	60,523,526
Less: loss allowance (v)	(7,117,587)	(8,352,094)
	46,923,967	52,171,432

As at 31 December 2025 and 31 December 2024, the carrying amounts of the Group's trade and other receivables were all denominated in RMB and the carrying amounts of trade and other receivables approximated their fair values.

Notes:

- (i) Trade receivables mainly arise from sales of properties and rendering of property management services. The consideration in respect of sales of properties is paid by customers in accordance with the credit terms agreed in the property sale contracts. Property management services income is received in accordance with the term of the relevant property service agreements and is due for payment upon rendering of service. The ageing analysis of trade receivables based on dates of delivery of goods and dates of rendering of services is as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Within 90 days	1,335,106	1,065,304
91–180 days	468,633	525,135
181–365 days	589,807	922,553
Over 365 days	2,521,957	2,132,889
	4,915,503	4,645,881

- (ii) The amounts due from non-controlling interests and their related parties were unsecured, interest free and had no fixed repayment terms.
- (iii) Other receivables mainly included the receivables from disposal of equity interests, receivables from project demolition, the cash advance for land use rights acquisition, payments on behalf of customers, interest receivables and amounts due from equity investment partners.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16 Trade and other receivables (Continued)

Notes: (Continued)

- (iv) Fair values of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amounts approximated to their fair values. For the non-current receivables, the variance between the fair values and their carrying amounts were immaterial.

- (v) Impairment and risk exposure

Trade receivables

The Group assesses, on a forward-looking basis, ECL associated with its debt instruments carried at amortised cost. As at 31 December 2025, a provision of RMB1.49 billion (2024: RMB1.04 billion) was made against the gross amounts of trade receivables (note 3.1(B)).

Other receivables

Other receivables (excluding loans to third parties) are all considered to have low credit risk and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Note 3.1(B) provides for details about the calculation of the allowance.

Information about the Group's exposure to credit risk, foreign currency risk and interest rate risk is set out in note 3.1.

17 Prepayments

	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current – Prepayments for purchases of PP&E	33,995	34,289
Current –		
Prepaid value added taxes and other taxes	4,833,578	5,119,207
Prepayments for land use rights acquisitions	2,809,024	5,080,217
Prepayments for construction costs	1,294,352	1,353,509
Others	1,213,125	1,549,114
	10,150,079	13,102,047

18 Restricted cash

	31 December 2025 RMB'000	31 December 2024 RMB'000
Restricted cash from property pre-sale proceeds (i)	3,014,397	7,368,501
Restricted cash from special borrowings for guaranteed home delivery (ii)	842,722	1,888,785
Guarantee deposits as reserve for bank loans	291,068	263,722
Guarantee deposits for mortgage	79,747	184,167
Others	2,097,656	2,309,387
	6,325,590	12,014,562

Note:

- (i) In certain subsidiaries of the Group, a portion of the proceeds from pre-sale of properties is saved as guarantee bank deposits in accordance with the municipal regulations and is released in line with certain development progress milestones. The deposits can be used for payments of constructions costs and other due debts of related property projects upon the approval of the relevant authorities.
- (ii) Certain subsidiaries of the Group have obtained special borrowings approved by local governments to support the completion and delivery of properties, which proceeds are restricted for the settlements of relevant costs for the completion of property development projects.

19 Cash and cash equivalents

	31 December 2025 RMB'000	31 December 2024 RMB'000
Cash on hand and demand deposit:		
Denominated in RMB	5,369,514	6,484,885
Denominated in USD	247,192	116,681
Denominated in HKD	65,153	1,129,088
Denominated in SGD	–	15
	5,681,859	7,730,669

The conversion of RMB denominated balances into foreign currencies, and the remittance of foreign currencies-denominated bank balances and cash out of Mainland China are subject to restrictive foreign exchange control rules and regulations.

The Group earns interest on cash at bank, at floating bank deposit rates and there was no bank overdraft in the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20 Share capital

	Number of ordinary shares (thousand)	Shares capital HKD'000	Equivalent to RMB'000
Authorised:			
As at 1 January 2024, 31 December 2024 and 1 January 2025, HKD0.1 per share	15,000,000	1,500,000	
Additions (i)	15,000,000	1,500,000	
As at 31 December 2025, HKD0.1 per share	30,000,000	3,000,000	
Issued and fully paid:			
As at 1 January 2024	8,396,010	839,603	734,205
Proceeds from placing of existing shares and subscription of new shares	489,000	48,900	44,828
Shares issued upon the conversion of the 2023 Convertible Bonds	421,239	42,124	38,457
As at 31 December 2024	9,306,249	930,627	817,490
Shares issued upon the conversion of the 2023 Convertible Bonds (ii)	1,409,125	140,913	130,027
Shares issued upon the conversion of MCB 1 (iii)	871,620	87,162	78,726
Shares issued upon onshore debt restructuring (iv)	754,469	75,447	68,759
Shares issued upon debt restructuring with Chiyu Banking Corporation Limited (v)	279,213	27,921	25,267
As at 31 December 2025	12,620,676	1,262,070	1,120,269

Note:

- (i) Pursuant to the special shareholder meeting dated 9 September 2025, the number of authorised ordinary shares increased from 15,000,000,000 shares to 30,000,000,000 shares.
- (ii) During the first half-year of 2025, 22.6% holders of the mandatory convertible bonds from offshore debt restructuring effective on 23 November 2023 (the "2023 MCB") respectively have exercised the options attached to the bonds to convert the respective bonds into 1,210,966,673 shares of the Company (the "Shares"). In addition, the respective portion of shareholder mandatory convertible bond from offshore debt restructuring effective on 23 November 2023 (the "2023 Shareholder MCB") were converted into 198,158,348 Shares. The share capital and other reserves of the Company increased by RMB130.03 million and RMB2,831.86 million, respectively, which is calculated based on the fair value of the option embed in the 2023 MCB and 2023 Shareholder MCB at conversion date, and the same amounts of financial liabilities of the 2023 MCB and 2023 Shareholder MCB were derecognised.
- (iii) After the effective date of the 2025 Offshore Debt Restructuring (i.e 23 December 2025, the "Effective Date"), certain holders of MCB 1 exercised the right attached to the bonds to convert the respective bonds into 871,620,150 Shares. The Directors considered that the fair values of the derivative components of MCB 1 at conversion date were close to those as at the Effective Date such that the remeasurement gain or loss was insignificant to the Group. As a result, the share capital and other reserves of the Company increased by approximately RMB78.73 million and RMB930.64 million, respectively, and the same amounts of financial liabilities of the bonds were derecognised.
- (iv) On 9 July 2025, the Company allotted and issued approximately 754,468,943 Shares in respect of the Equity Option, pursuant to the elections already made by the holders of the Onshore Bonds by 27 June 2025. The consideration for the issue of such shares shall be that the holders of the Onshore Bonds under the Equity Option would agree to the cancellation or repayment of the Onshore Bonds in principal amount of approximately RMB5.59 billion in aggregate. The share capital and other reserves of the Company increased by approximately RMB68.76 million and RMB1,543.02 million, respectively, which is calculated based on the carrying value of the cancelled Onshore Bonds at the date of cancellation and the equity components recognised from the onshore debt restructuring. The carrying amounts of the cancelled Onshore Bonds were derecognised accordingly.
- (v) On 16 December 2025, the Company and its subsidiaries entered into a debt restructuring agreement with Chiyu Banking Corporation Limited (the "Chiyu") (the "Chiyu Debt Restructuring"). Pursuant to the terms of the debt restructuring agreement, the Company issued 279,212,879 Shares on 29 December 2025 to settle part of the existing debts. On the date of share issuance, borrowings with carrying amount of approximately HK\$0.86 billion and related interests were derecognised, and the Company's share capital and other reserves increased by approximately RMB25.27 million and RMB303.21 million, respectively.

21 Share-based payments

(A) SHARE AWARD SCHEME

A share award scheme under which shares may be granted to eligible employees for no cash consideration was approved by the Board of Directors on 8 May 2018 (the “Share Award Scheme”). Pursuant to the rules relating to the Share Award Scheme, the Company entrusted a trustee to purchase existing ordinary shares in the open market based on this Share Award Scheme. The trustee will hold such shares on behalf of the relevant selected employees on trust, until such shares are vested with the relevant selected employees in accordance with the scheme rules.

The following table presents the movement in shares that held by the trustee for the purpose of issuing shares under Share Award Scheme. Shares issued to employees are recognised on a first-in-first-out basis.

Details	Number of shares (thousand)	HKD'000	Equivalent to RMB'000
Balance at 1 January 2024, 31 December 2024 and 2025	76,325	1,984,646	1,742,047

The fair value of the rights at grant date was estimated by taking the market price of the Company's shares on that date less the present value of expected dividends that will not be received by the eligible employees on their rights during the Waiting Period.

The following table shows the shares granted and outstanding at the beginning and end of the reporting period:

	Number of awarded shares (thousand)	
	2025	2024
As at 1 January	13,644	18,044
Forfeited during the year	(395)	(4,400)
As at 31 December	13,249	13,644

For certain share awards unvested and to be vested on or after 31 March 2022, the Board of the Company resolved to suspend the vesting of these unvested award shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21 Share-based payments *(Continued)*

(B) SHARE AWARD SCHEME OF A SUBSIDIARY

On 11 June 2021, the sole director of Sunac Shine (PTC) Limited (“Sunac Shine”), a wholly owned subsidiary of the Group, resolved to adopt a share award scheme (“Sunac Services Share Award Scheme”) in order to recognise the contributions to Sunac Services by certain eligible employees and to give incentives to retain them for the continuing development of the Group. As the date of 11 June 2021, Sunac Shine holds 462,000,000 shares on trust for Sunac Services Share Award Scheme, representing 14.89% of the issued shares of Sunac Services.

Pursuant to the rules relating to the Sunac Services Share Award Scheme, the Company appointed Sunac Shine as the trustee of the trust and Sunac Shine will hold such shares on behalf of the relevant selected employees on trust, until such shares are vested and transferred onto the relevant selected employees in accordance with the scheme rules.

For the year ended 31 December 2025, 12,800,000 shares in connection with Sunac Services Share Award Scheme have been granted to the eligible employees of the Group for no cash consideration. The total expense recognised in the profit or loss for Sunac Services Share Award Scheme granted to employees for the year ended 31 December 2025 was RMB8.30 million.

22 Reserves

	Note	Share premium RMB'000	Share option reserve RMB'000	Other RMB'000	Total RMB'000
Year ended 31 December 2024					
At 1 January 2024		15,077,556	2,620,834	25,195,266	42,893,656
Disposal of subsidiaries		–	–	1,122,501	1,122,501
Transactions with non-controlling interests		–	–	1,284	1,284
Proceeds from placing of existing shares and subscription of new shares		1,047,935	–	–	1,047,935
Shares issued upon the conversion of the 2023 Convertible Bonds		1,421,661	–	–	1,421,661
Equity components recognised from onshore debt restructuring		–	–	100,120	100,120
Share award scheme					
– Value of employee services	28	–	10,605	–	10,605
Statutory reserves	(i)	–	–	26,844	26,844
At 31 December 2024		17,547,152	2,631,439	26,446,015	46,624,606
Year ended 31 December 2025					
At 1 January 2025		17,547,152	2,631,439	26,446,015	46,624,606
Shares issued upon the conversion of the 2023 Convertible Bonds	20(ii)	2,831,861	–	–	2,831,861
Shares issued upon onshore debt restructuring	20(iv)	1,643,141	–	(100,120)	1,543,021
Shares issued upon the conversion of MCB 1	20(iii)	930,639	–	–	930,639
Shares issued upon Chiyu Debt Restructuring	20(v)	303,205	–	–	303,205
Transactions with non-controlling interests	39	–	–	53,179	53,179
Share award scheme					
– Value of employee services	28	–	8,302	–	8,302
Statutory reserves	(i)	–	–	616,027	616,027
At 31 December 2025		23,255,998	2,639,741	27,015,101	52,910,840

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22 Reserves (Continued)

(I) STATUTORY RESERVES

In accordance with the relevant government regulations in Mainland China and the provisions of the articles of association of the Mainland China companies now comprising the Group, 10% of its net profit as shown in the accounts prepared under Mainland China accounting regulations is required to be appropriated to statutory reserve, until the reserve reaches 50% of the registered capital. Appropriation of statutory reserve must be made before distribution of dividends to equity holders. This reserve shall only be used to make up losses; to expand the entities' production operation; or to increase the capital of the entities. Upon approval by a resolution of equity holders, the entities may convert this reserve into share capital, provided that the unconverted remaining amount of reserve is not less than 25% of the registered capital.

The Mainland China entities of the Group directly owned by the Group's entities outside Mainland China are required, in accordance with relevant rules and regulations concerning foreign investment enterprise established in Mainland China and the Articles of Association of these companies, to make appropriations from net profit to the reserve fund and staff and workers' bonus and welfare fund, after offsetting accumulated losses from prior years, and before profit distributions are made to investors. The percentage of profits to be appropriated to the above funds is solely determined by the board of directors of the Mainland China entities now comprising the Group. For those which are wholly foreign owned enterprises in Mainland China, no less than 10% of the profit of each year to the reserve fund is mandatory. The appropriation of the statutory reserve ceases when the accumulated statutory reserve balance reaches 50% of their registered capital.

23 Trade and other payables

	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current –		
Other payables (iii)	114,197	50,124
Current –		
Trade payables (i)	92,174,632	104,168,889
Interest payables	46,034,499	39,217,760
Note payables (iv)	21,935,181	22,985,100
Amounts due to non-controlling interests and their related parties (ii)	12,296,167	17,437,088
Other taxes payables	10,525,832	10,321,444
Considerations payables for acquisition of equity investments	4,373,574	4,506,566
Payroll and welfare payables	802,505	911,121
Consideration payables arising from non-controlling shareholders' put option	–	218,296
Other payables (iii)	59,171,678	64,946,751
	247,314,068	264,713,015

23 Trade and other payables (Continued)

Note:

- (i) At 31 December 2025, the ageing analysis of trade payables is performed based on the date of the liability recognition on accrual basis. The ageing analysis of the Group's trade payables is as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Within 90 days	4,631,906	6,681,254
91-180 days	1,422,750	5,200,003
181-365 days	2,663,456	9,247,031
Over 365 days	83,456,520	83,040,601
	92,174,632	104,168,889

- (ii) The amounts due to non-controlling interests and their related parties are unsecured and have no fixed repayment date.
- (iii) As at 31 December 2025, other payables mainly included value-added tax relevant to pre-sale of properties amounted to RMB6.41 billion (as at 31 December 2024: RMB8.80 billion). The remaining balances mainly included deposits from customers, deposits on construction projects, deed tax and maintenance funds received on behalf of customers, amounts due to equity investment partners and accrual expenses.
- (iv) As at 31 December 2025, the Group's overdue note payables amounted to RMB21.94 billion (as at 31 December 2024: RMB22.99 billion).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24 Borrowings

	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current		
Secured,		
– Bank and other institution borrowings	176,299,724	214,151,765
– Corporate bonds (A)	1,344,347	4,807,288
– Private domestic corporate bonds (A)	1,144,895	3,055,432
– Senior notes (B)	–	29,894,385
– Convertible bonds (B)	–	500,812
	178,788,966	252,409,682
Unsecured,		
– Bank and other institution borrowings	2,903,689	2,074,617
	181,692,655	254,484,299
Less: current portion of non-current borrowings (C)	(147,447,283)	(180,902,462)
	34,245,372	73,581,837
Current		
Secured,		
– Bank and other institution borrowings	5,465,450	3,907,893
Unsecured,		
– Bank and other institution borrowings	1,098,284	1,275,492
	6,563,734	5,183,385
Current portion of non-current borrowings (C)	147,447,283	180,902,462
	154,011,017	186,085,847
Total borrowings	188,256,389	259,667,684

24 Borrowings (Continued)

(A) ONSHORE DEBT RESTRUCTURING

Sunac Real Estate issued corporate bonds (the “Corporate Bonds”) and private domestic corporate bonds (the “Private Bonds”) on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. With effective from the approval of the Onshore Debt Restructuring Plan at the relevant meetings of bondholders in December 2025 and January 2026, the repayment schedule of Corporate Bonds, Private Bonds and supply chain asset-backed special plan (“ABS Plan”) have been adjusted and extended with the last maturity date being June 2034, and the annual interest rate of historical accrued and unpaid interest and future interest were reduced to 1%. The Onshore Debt Restructuring Plan provides three options to creditors, including bond repurchase (i.e. cash tender offer), Equity Option and Asset Option.

The onshore debt restructuring was regarded as a substantial modification under the relevant accounting standard. As the approval of the Onshore Debt Restructuring Plan for three of the Onshore Bonds are obtained at the relevant meetings of bondholders in January 2025, the carrying amounts of certain Corporate Bonds and Private Bonds together with the accrued interests were fully de-recognised. New financial liabilities including debt component and derivative component were recognised at their fair values at the effective date of the onshore debts restructuring.

In April 2025, Sunac Real Estate has repurchased Onshore Bonds in principal amount of approximately RMB4.00 billion pursuant to the arrangements of the bond repurchase option, at cash consideration of approximately RMB0.80 billion.

In respect of the Equity Option, pursuant to the elections already made by the holders of the Onshore Bonds, the Company allotted and issued approximately 754 million shares. The consideration for the issue of such shares shall be that the holders of the Onshore Bonds under the Equity Option would agree to the cancellation or repayment of the Onshore Bonds in principal amount of approximately RMB5.59 billion in aggregate.

In respect of the Asset Option, pursuant to the elections already made by the holders of the Onshore Bonds, the Group transferred trust assets with carrying amounts of approximately RMB344.59 million to the holders of the Onshore Bonds under the Asset Option. The future proceeds from the disposal of the trust assets would be utilised for settlement of the Onshore Bonds in principal amount of approximately RMB984.55 million in aggregate. Derivative component of debts under Asset Option was recognised at the fair value amounted to approximately RMB0.26 billion at date of modification.

As a result of the above mentioned, gain on onshore debt restructuring of RMB4.42 billion was recognised in “other income and gains” of the consolidated statement of comprehensive income for the year ended 31 December 2025.

Subsequent to the initial recognition, the carrying amounts of the debt component of the Corporate Bonds, Private Bonds and ABS Plan are measured at amortised cost and the carrying amounts of the derivative component of debts under Asset Option are measured at fair value at the end of each of the reporting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24 Borrowings (Continued)

(A) ONSHORE DEBT RESTRUCTURING (Continued)

Corporate Bonds and Private Bonds

The following table summarises the key terms of the Corporate Bonds and Private Bonds with the effective of the Onshore Debt Restructuring Plan.

Bond Number	Carrying amounts RMB'000	Interest rate	Remaining maturity
Corporate Bonds, including			
163377.SH	517,086	1.0%	4-8.5 years
149436.SZ	425,960	1.0%	4-8.5 years
149350.SZ	215,846	1.0%	4-8.5 years
163376.SH	152,618	1.0%	4-8.5 years
136624.SH	32,837	1.0%	4-8.5 years
	1,344,347		
Private Bonds, including			
Bond issued on 10 June 2020*	1,000,000	6.5%	0.5 year
135548.SH	66,578	1.0%	4-8.5 years
114821.SZ	39,752	1.0%	4-8.5 years
133033.SZ	38,565	1.0%	4-8.5 years
	1,144,895		

Note:

* This Private Bond does not fall within the Onshore Debt Restructuring Plan.

24 Borrowings (Continued)

(B) OFFSHORE DEBT RESTRUCTURING

Pursuant to the terms of the 2025 Offshore Debt Restructuring, the Offshore Restructuring Debts of the Company and its subsidiaries were fully released and discharged. Simultaneously, the financial guarantees provided by the Company for certain existing debts subject to the restructuring were fully released and discharged. As restructuring consideration, the Company issued MCB 1 in principal amount of approximately US\$7.26 billion and MCB 2 in principal amount of approximately US\$2.40 billion to the scheme creditors on the Effective Date.

The 2025 Offshore Debt Restructuring was regarded as a substantial modification under the relevant accounting standard. As a result, the Offshore Restructuring Debts with an aggregate carrying amount of approximately US\$6.73 billion, and related interest payables of approximately US\$0.74 billion were fully derecognised on the Effective Date. The following new financial liabilities were recognised at the fair values at the Effective Date:

- (1) MCB1 in principal amount of approximately US\$7.26 billion with fair values of the derivative component amounted to approximately US\$1.37 billion;
- (2) MCB 2 in principal amount of approximately US\$2.40 billion with fair values of the derivative component amounted to approximately US\$0.82 billion; and
- (3) certain debts of subsidiaries included in Offshore Restructuring Debts with fair values of the derivative component amounted to approximately US\$1.30 billion.

On 16 December 2025, the Company and its subsidiaries entered into an offshore debt restructuring agreement with Chiyu. Pursuant to the terms of Chiyu Debt Restructuring, the Company issued approximately 279 million ordinary shares on 29 December 2025 to settle borrowings with carrying amount of approximately HK\$0.86 billion and related interests. Simultaneously, the Company accounted for borrowings with principal amount of approximately HK\$0.30 billion at a fair value of approximately HK\$0.11 billion (the "Chiyu Debt").

As a result of the above mentioned, gains from offshore debt restructuring of approximately RMB28.55 billion were recognised in "other income and gains" of the consolidated statement of comprehensive income for the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24 Borrowings (Continued)

(B) OFFSHORE DEBT RESTRUCTURING (Continued)

The fair values of these instruments recognised from onshore and offshore debt restructuring were within level 3 of fair value hierarchy.

The following table summarises the valuation method adopted and the quantitative information about the significant unobservable inputs used in fair value measurements of the financial instruments recognised in the onshore and offshore debts restructuring as at the effective date of the restructuring.

Description	Fair value at date of modification RMB' 000	Valuation method	Significant Unobservable input	Range of significant unobservable input
Derivative component of MCB1	9,642,278	Monte-Carlo Simulation method	Expected volatility rate Discount rate	46.6% 3.7%
Derivative component of certain Offshore Restructuring Debts	9,144,720	Monte-Carlo Simulation method	Expected volatility rate Discount rate	46.6%-109.3% 3.7%
Derivative component of MCB2	5,789,639	Monte-Carlo Simulation method	Expected volatility rate Discount rate	109.3% 3.7%
Derivative component of debts under Asset Option	255,197	Discounted cash flow model	Discount rate	3.4%-14.9%
Debt component of Chiyu Debt	97,805	Discounted cash flow model	Discount rate	15.6%

Relationships of unobservable inputs to fair value are as follows:

- The higher rate of discount rate, the lower fair value;
- The higher rate of expected volatility rate, the lower fair value.

Subsequent to the initial recognition, the carrying amounts of the derivative components of the MCB 1, MCB 2 and certain Offshore Restructuring Debts are measured at fair values and the carrying amounts of the debt component of the Chiyu Debt are measured at amortised cost.

24 Borrowings (Continued)

(C) SHORT-TERM BORROWINGS

As at 31 December 2025, the Group had not repaid borrowings of approximately RMB107.30 billion in aggregate according to their scheduled repayment dates, and as a result, non-current borrowings of RMB24.40 billion in aggregate might be demanded for early repayment. These borrowings have been reclassified as current liabilities as at 31 December 2025 accordingly. In addition, current portion of long-term borrowings classified as current borrowings of approximately RMB12.66 billion might be demanded for early repayment.

(D) LONG-TERM BORROWINGS

(i) The Group's long-term borrowings as at 31 December 2025 were repayable as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Between 1 and 2 years	10,020,716	18,281,398
Between 2 and 5 years	20,813,198	44,031,882
Over 5 years	3,411,458	11,268,557
	34,245,372	73,581,837

The weighted-average interest rate for the year ended 31 December 2025 was 7.7% per annum.

- (ii) Fair value of financial liabilities is not measured at fair value on a recurring basis. The carrying amounts of bank and other institution borrowings approximated their fair values. The variance between the fair values and the carrying amounts of Corporate Bonds and Private Bonds were immaterial.
- (iii) The exposure of the Group's borrowings with variable interest rates to interest-rate changes and the contractual re-pricing dates are as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
6 months or less	1,611,175	9,636,225
7–12 months	27,893,436	30,034,659
Over 12 months	9,066,021	14,195,820
	38,570,632	53,866,704

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24 Borrowings (Continued)

(D) LONG-TERM BORROWINGS (Continued)

- (iv) As at 31 December 2025, the Group's borrowings of RMB184.25 billion (2024: RMB256.32 billion) were secured or joint secured by the Group's certain current assets, non-current assets, the equity interests of certain subsidiaries of the Group and the right on proceeds from disposal of certain assets of the Group. See note 37 for the details of information of assets pledged as security.
- (v) The carrying amounts of the Group's borrowings are denominated in the following currencies:

	31 December 2025 RMB'000	31 December 2024 RMB'000
RMB	188,158,769	218,871,694
HKD	97,620	1,792,048
USD	–	39,003,942
	188,256,389	259,667,684

25 Derivative financial instruments

	31 December 2025 RMB'000	31 December 2024 RMB'000
Non-current Financial liabilities		
Derivative component of MCB 2 (i)	5,789,639	–
Derivative component of debts under Asset Option (note 24(A))	255,197	–
	6,044,836	–
Current Financial liabilities		
Derivative component of certain Offshore Restructuring Debts (note 24(B))	9,144,720	–
Derivative component of MCB 1 (i)	8,632,913	–
Derivative component of 2023 MCB and 2023 Shareholder MCB	–	3,415,116
Derivative component of the Onshore Bonds	–	15,146
	17,777,633	3,430,262

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The change of fair value is recognised immediately in consolidated profit or loss. For information about the methods and assumptions used in determining the fair value of derivatives, refer to note 4(A) to the consolidated financial statements.

- (i) The Company issued MCB1 and MCB2 pursuant to the 2025 Offshore Debt Restructuring. Note 24(B) sets out the details about this debt restructuring. As at 31 December 2025, the outstanding principal amounts of MCB1 and MCB2 amounted to approximately USD6.50 billion and USD2.40 billion, respectively.

26 Provisions

	31 December 2025 RMB'000	31 December 2024 RMB'000
Provisions for litigations and other contingent liabilities (note 36(B))	11,284,426	7,300,925
Provisions for financial guarantee provided to related and third parties (i)	465,727	559,061
Provisions for financial guarantee on mortgage (i)	36,176	49,080
	11,786,329	7,909,066

(i) Note 3.1(B) sets out the details about the calculation of the allowance for financial guarantee.

27 Expenses by nature

	2025 RMB'000	2024 RMB'000
Costs of properties sold	27,958,003	55,804,342
Value-added tax surcharges	170,212	367,292
Staff costs (note 28)	5,055,896	4,935,744
Write-down of PUDs and CPHFS	6,748,959	4,700,694
Depreciation and amortisation (i)	3,398,612	2,981,520
Advertisement and promotion costs	1,435,863	1,342,955
Net impairment losses under ECL model (note 3.1 (B))	2,775,718	3,327,283
Professional service expenses	381,160	250,319
Auditors' remunerations (ii)		
– Audit services	15,290	21,690
– Non-audit services	1,290	160

(i) Depreciation and amortisation expense of RMB2.77 billion has been charged to “cost of sales” for the year ended 31 December 2025 (for the year ended 31 December 2024: RMB2.46 billion).

(ii) For the year ended 31 December 2025, auditor's remuneration paid/payable to BDO Limited was amounting to RMB12.34 million and RMB1.16 million for audit services and non-audit services respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28 Employee benefit expense

	2025 RMB'000	2024 RMB'000
Wages and salaries	4,134,945	3,935,815
Pension costs	777,339	819,104
Staff welfare	135,310	170,220
Share award granted to directors and employees (note 22)	8,302	10,605
	5,055,896	4,935,744

For the year ended 31 December 2025, the five highest paid individuals of the Group were not Directors or senior management of the Group. The emoluments to the five individuals during the year are as follows:

	2025 RMB'000
Wages and salaries	10,050
Discretionary bonus	2,224
Social insurance expenses, housing benefits and other employee benefits	484
Share award expenses	2,824
	15,582

29 Other income and gains

	2025 RMB'000	2024 RMB'000
Gains from debt restructuring	32,967,388	9,889,504
Gains from disposal of subsidiaries	428,299	4,072,171
Interest income (i)	287,795	1,268,011
Gains from disposal of joint ventures and associates	221,259	97,426
Net fair value gains on derivative financial instruments	106,375	–
Net gains on disposal of financial assets at FVPL (note 13)	30,168	–
Others	1,526,066	1,102,313
	35,567,350	16,429,425

(i) Details of interest income are as follows:

	2025 RMB'000	2024 RMB'000
Interest income from related companies (note 42)	279,872	1,228,610
Other interest income	7,923	39,401
	287,795	1,268,011

30 Other expenses and losses

	2025 RMB'000	2024 RMB'000
Impairment provisions for PP&E (note 7)	6,919,726	5,860,756
Losses from disposal of subsidiaries	6,759,661	2,080,210
Provision for litigation and other contingent liabilities	3,983,501	4,744,919
Net fair value losses on investment properties (note 8)	3,871,552	1,574,509
Losses from disposal of joint ventures and associates	2,159,263	595,141
Losses from disposal of PP&E, investment properties, right-of-use assets and intangible assets	1,136,212	2,200,825
Net fair value losses on financial assets at FVPL (note 13)	655,874	502,133
Impairment provision for goodwill and other intangible assets (note 10)	585,867	471,829
Losses on project demolition	506,578	790,127
Net fair value losses on derivative financial instruments	–	1,680,509
Net losses on disposal of financial assets at FVPL (note 13)	–	65,501
Others	538,710	566,061
	27,116,944	21,132,520

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31 Finance income and expenses

	2025 RMB'000	2024 RMB'000
Finance expenses:		
Interest expenses	26,234,914	29,731,408
Interest expenses for lease liabilities	75,919	39,579
Less: capitalised finance costs	(13,506,200)	(18,464,276)
	12,804,633	11,306,711
Net exchange (gains)/losses	(799,906)	525,061
	12,004,727	11,831,772
Finance income:		
Interest income on bank deposits	(87,166)	(149,978)
	11,917,561	11,681,794

The capitalisation rate used to determine the amount of the interests incurred eligible for capitalisation in 2025 was the weighted average interest rate applicable to the Group's general borrowings during the year, in this case 7.6% per annum.

32 Income tax expenses

	2025 RMB'000	2024 RMB'000
Corporate income tax ("CIT")		
– current income tax	406,752	1,268,204
– deferred income tax (note 12)	(2,809,785)	(3,021,967)
	(2,403,033)	(1,753,763)
LAT	2,413,444	4,908,912
	10,411	3,155,149

32 Income tax expense (Continued)

(A) CIT

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted-average tax rate applicable to losses of the consolidated entities as follows:

	2025 RMB'000	2024 RMB'000
Loss before income tax	(13,698,672)	(24,248,878)
Income tax calculated at the Mainland China tax rate 25% (2024: 25%)	(3,424,668)	(6,062,220)
Impact of gains from offshore debt restructuring	(6,978,367)	–
Difference in overseas tax rates	1,347,099	1,834,586
Difference in tax rates change	(17,328)	(20,493)
LAT	(603,361)	(1,227,228)
Tax effect of amounts which are not deductible in calculating taxable income:		
– Entertainment expenses	8,877	19,056
– Staff welfare	16,879	31,496
– Penalty	388	315
– Others	3,034,412	1,635,133
Effects of share of losses of investments accounted for using equity method, net	260,110	407,759
Tax on temporary differences for which no DTA were recognised	936,607	71,301
Tax on losses for which no DTA were recognised	612,743	1,031,297
Utilisation of tax losses with no DTA recognition	(682,366)	(122,422)
Write-off of DTA recognised in prior years	3,085,942	1,227,538
Dividends tax for distributable profits of Mainland China subsidiaries	–	(579,881)
	(2,403,033)	(1,753,763)

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries or regions in which the Group operates.

Pursuant to the applicable rules and regulations of Cayman Islands and BVI, the Company and the Cayman Islands and the BVI subsidiaries of the Group are not subject to any income tax in those jurisdictions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32 Income tax expense (Continued)

(A) CIT (Continued)

Income tax expenses were recognised based on management's estimate of the weighted-average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year ended 31 December 2025 was 25% (2024: 25%).

In accordance with the Mainland China Corporate Income Tax Law, a 10% withholding income tax is levied on dividends declared to foreign investors from the enterprises with foreign investments established in Mainland China. The Group is therefore liable to withholding taxes on dividends distributable by those subsidiaries established in Mainland China in respect of their earnings generated from 1 January 2008.

(B) TAX LOSSES

	31 December 2025 RMB'000	31 December 2024 RMB'000
Unused tax losses for which no deferred tax asset has been recognised	14,979,283	15,351,179
Potential tax benefit	3,744,821	3,837,795

DTA are recognised for tax losses carry-forward to the extent that the realisation of the related benefit through the taxable profits for the deduction periods according to the Mainland China tax laws and regulations is probable. Therefore, the Group did not recognise DTA of RMB3.74 billion (2024: RMB3.84 billion) in respect of accumulated losses amounting to RMB14.98 billion (2024: RMB15.35 billion) as the Group estimates that the related subsidiaries will not have sufficient tax income to utilise the tax deduction benefits in the future deduction period. Within these accumulated losses, amounts of RMB1.21 billion, RMB2.34 billion, RMB4.91 billion, RMB4.07 billion and RMB2.45 billion, as at 31 December 2025 will expire respectively in 2026, 2027, 2028, 2029 and 2030.

32 Income tax expense (Continued)

(C) UNRECOGNISED TEMPORARY DIFFERENCES

	31 December 2025 RMB'000	31 December 2024 RMB'000
Temporary differences for which DTA have not been recognised	52,018,973	48,272,545
Unrecognised DTA	13,004,743	12,068,136

As of 31 December 2025, the Group had deductible temporary differences of RMB52.02 billion (2024: RMB48.27 billion) in respect of which no DTA have been recognised as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

(D) LAT

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures. LAT is included in the consolidated income statement as income tax expense.

33 Loss per share

(A) BASIC

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted-average number of ordinary shares in issue during the year, excluding shares purchased for the share award scheme.

	2025	2024
Loss attributable to owners of the Company (RMB'000)	12,329,083	25,695,200
Weighted-average number of ordinary shares in issue (thousand)	10,846,951	8,640,287
Adjusted for shares repurchased for share award scheme (thousand)	(76,325)	(76,325)
Weighted-average number of ordinary shares for basic loss per share (thousand)	10,770,626	8,563,962

(B) DILUTED

For the years ended 31 December 2025 and 2024, diluted loss per share was the same as the basic loss per share as potential ordinary shares arising from awarded shares and mandatory convertible bonds were not treated as dilutive as the conversion to ordinary shares would not increase the loss per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34 Cash flow information

(A) CASH GENERATED FROM OPERATIONS

	Note	2025 RMB'000	2024 RMB'000
Loss before income taxes		(13,698,672)	(24,248,878)
Adjustments for:			
– Finance costs		25,402,156	29,603,463
– Impairment provisions for PP&E	30	6,919,726	5,860,756
– Net losses/(gains) from disposal of subsidiaries	29,30	6,331,362	(1,991,961)
– Provision for litigations and other contingent liabilities	30	3,983,501	4,744,919
– Net fair value losses on investment properties	30	3,871,552	1,574,509
– Net impairment losses under ECL model	27	2,775,718	3,327,283
– Depreciation of PP&E	7	2,676,566	2,370,637
– Net losses from disposal of joint ventures and associates	29,30	1,938,004	497,715
– Losses from disposal of PP&E, investment properties, right-of-use assets and other intangible assets	30	1,136,212	2,200,825
– Share of losses of joint ventures and associates, net	11	1,040,439	1,631,036
– Net fair value losses on financial assets at FVPL	30	655,874	502,133
– Impairment provisions for goodwill and other intangible assets	30	585,867	471,829
– Depreciation of right-of-use assets		506,126	405,321
– Amortisation of intangible assets	10	215,920	205,562
– Value of employee services	28	8,302	10,605
– Gains from debt restructuring	29	(32,967,388)	(9,889,504)
– Interest income	29	(287,795)	(1,268,011)
– Net fair value (gains)/losses on derivative financial instruments	29,30	(106,375)	1,680,509
– Net (gains)/losses from disposal of financial assets at FVPL	29,30	(30,168)	65,501
Changes in working capital:			
– PUDs and CPHFS, net		15,013,008	24,097,961
– Inventories		105,057	26,077
– Trade and other receivables and prepayments		1,798,675	(5,048,344)
– Contract costs		810,555	826,706
– Restricted cash		3,744,354	2,551,142
– Trade and other payables		(8,289,182)	(1,231,991)
– Contract liabilities		(20,286,194)	(32,591,436)
– Amount due to/from related companies, net		236,953	1,245,655
Cash generated from operations		4,090,153	7,630,019

(B) NON-CASH TRANSACTIONS

Except for those disclosed elsewhere in the consolidated financial statements, major non-cash activities include:

- Debt restructuring;
- Settlements to certain suppliers of approximately RMB4.31 billion by the Group's CPHFS.

34 Cash flow information (Continued)

(C) NET DEBT RECONCILIATION

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	Note	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	19	5,681,859	7,730,669
Borrowings – repayable within one year	24	(154,011,017)	(186,085,847)
Borrowings – repayable after one year	24	(34,245,372)	(73,581,837)
Lease liabilities	9	(567,207)	(445,054)
Net debt		(183,141,737)	(252,382,069)
Cash and cash equivalents	19	5,681,859	7,730,669
Gross debt – fixed interest rates	3	(150,252,964)	(206,246,034)
Gross debt – variable interest rates	3	(38,570,632)	(53,866,704)
Net debt		(183,141,737)	(252,382,069)

	Other assets		Liabilities from financing activities				Total RMB'000
	Cash RMB'000	Borrowings due within 1 year RMB'000	Borrowings due after 1 year RMB'000	Leases RMB'000	Sub-total RMB'000		
Net debt as at 1 January 2024	7,056,374	(181,199,711)	(96,633,862)	(571,619)	(278,405,192)	(271,348,818)	
Cash flows	1,528,341	(15,080,136)	16,451,733	137,844	1,509,441	3,037,782	
Changes arising from disposal of subsidiaries	(860,591)	8,243,525	464,320	–	8,707,845	7,847,254	
Effect of debt restructuring	–	1,950,475	6,667,578	–	8,618,053	8,618,053	
Acquisition – leases	–	–	–	(140,022)	(140,022)	(140,022)	
Disposal – leases	–	–	–	128,743	128,743	128,743	
Foreign exchange adjustments	6,545	–	(531,606)	–	(531,606)	(525,061)	
Net debt as at 31 December 2024	7,730,669	(186,085,847)	(73,581,837)	(445,054)	(260,112,738)	(252,382,069)	
Cash flows	(2,570,479)	4,937,005	(2,963,441)	87,175	2,060,739	(509,740)	
Changes arising from disposal of subsidiaries (note 41)	526,997	14,404,851	1,220,180	–	15,625,031	16,152,028	
Effect of debt restructuring	–	12,732,974	40,274,492	–	53,007,466	53,007,466	
Acquisition – leases	–	–	–	(236,774)	(236,774)	(236,774)	
Disposal – leases	–	–	–	27,446	27,446	27,446	
Foreign exchange adjustments	(5,328)	–	805,234	–	805,234	799,906	
Net debt as at 31 December 2025	5,681,859	(154,011,017)	(34,245,372)	(567,207)	(188,823,596)	(183,141,737)	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35 Commitments

Property development expenditures at the consolidated balance sheet date but not yet incurred is as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Contracted but not provided for		
– PUDs and CPHFS	106,977,187	120,092,411
– PP&E	5,843,015	6,628,325
– Investment properties	656,034	656,510
– Right-of-use assets	104,726	82,342
	113,580,962	127,459,588

36 Financial guarantees and litigation

(A) FINANCIAL GUARANTEE

Guarantee on mortgage facilities

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	48,497,497	61,083,696

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser which will generally occur within an average period of six months of the properties delivery dates; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

36 Financial guarantees and litigation (Continued)

(A) FINANCIAL GUARANTEE (Continued)

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of the mortgage. The directors consider that the likelihood of default of payments by purchasers is minimal.

As at 31 December 2025, the Group had provided guarantees for certain joint ventures and associates for their borrowings amounted to RMB63.87 billion together with the equity investment partners on pro rata basis. In addition, the Group previously provided guarantees for borrowings of certain companies which were disposed by the Group to third parties. Certain guarantees amounting to RMB11.87 billion provided by the Group have not been ceased as of 31 December 2025 and the corresponding borrowings are collateralised by the assets of the borrowing companies.

(B) LITIGATION

Up to the date of approval of these consolidated financial statements, various parties have filed litigation against the Group for the settlement of unpaid borrowings, outstanding construction and daily operation payables, delayed delivery of projects and other matters. Among them, there were about 511 cases with individual amounts exceeding RMB50 million, and the aggregated amounts of these cases amounted to approximately RMB175.18 billion, which mainly includes unpaid borrowings and outstanding construction payables. The Group has assessed the impact of the above litigation matters and accrued provision for litigations and interest payables on the consolidated financial statements for the year ended 31 December 2025. The Group is also actively communicating with relevant creditors and seeking various ways to resolve these litigations.

37 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Current –		
PUDs	200,796,162	232,103,579
CPHFS	33,274,322	57,122,479
Total current assets pledged as security	234,070,484	289,226,058
Non-current –		
PP&E	34,760,780	45,877,973
Investment properties	15,256,264	18,688,726
Right-of-use assets	9,931,111	10,854,912
Financial assets at FVPL	8,757,452	9,197,400
Total non-current assets pledged as security	68,705,607	84,619,011

As at 31 December 2025, the seized assets of the Group totalled RMB136.47 billion, which certain assets involved in pledges.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38 Financial instruments by category

	31 December 2025 RMB'000	31 December 2024 RMB'000
Financial assets at amortised cost		
– Trade and other receivables	46,963,374	52,218,447
– Restricted cash	6,325,590	12,014,562
– Cash and cash equivalents	5,681,859	7,730,669
– Amounts due from related companies	80,237,864	72,238,795
Financial assets at FVPL	9,770,910	10,711,225
	148,979,597	154,913,698
Financial liabilities at amortised costs		
– Borrowings	188,256,389	259,667,684
– Amounts due to related companies	70,598,498	51,028,240
– Trade and other payables	236,099,928	253,530,574
– Lease liabilities	567,207	445,054
Financial liabilities at FVPL		
– Derivative financial instruments	23,822,469	3,430,262
	519,344,491	568,101,814

Note: Trade and other payables in this analysis do not include the taxes payables and payroll and welfare payables.

The Group's exposure to various risks associated with the financial instruments is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

39 Transactions with non-controlling interests

During the year ended 31 December 2025, the Group has acquired additional equity interests of its non-wholly owned subsidiaries and disposed of certain equity interests to its non-controlling shareholders through certain transactions with non-controlling interests which resulted in the net decrease in non-controlling interests of RMB16.63 million and net increase in net assets attributable to the owners of the Company of RMB53.18 million. The net consideration was totalled RMB36.55 million.

40 Asset acquisition

During the year ended 31 December 2025, the Group acquired equity interests of several property development companies from third parties, at a total consideration of RMB42.65 million. Substantially all consideration was settled by offsetting amounts due to relevant counterparties. Upon completion of these transactions, these entities became subsidiaries of the Group. The Group elected to apply the concentration test to assess the above acquisition transactions individually. As substantially all of the fair value of the gross assets acquired is concentrated in PUDs and CPHFS, the concentration tests were met and these acquisition transactions have been accounted for as asset acquisition.

41 Disposal of subsidiaries

(A) The financial impacts arising from the disposals are summarised as follows:

	Total RMB'000
Cash consideration received or receivable	1,256,781
Fair value of the remaining equity interest held by the Group at disposal	3,096,563
Less: carrying value of assets and liabilities of the disposed subsidiaries	(10,828,767)
Add: non-controlling interest derecognised	144,061
	<hr/>
Net losses from disposal of subsidiaries	(6,331,362)

(B) The carrying values of the assets and liabilities of the disposed subsidiaries as at the disposal dates are summarised as follows:

	Total RMB'000
Non-current assets	
PP&E	7,681
Investment properties	22,393
Intangible assets	586,323
Investments accounted for using the equity method	3,170
DTA	3,093,364
Current assets	
PUDs	35,281,119
CPHFS	4,977,069
Inventory	2,827
Financial assets at FVPL	184,506
Restricted cash	814,702
Cash and cash equivalents	311,623
Other current assets	27,133,507
Non-current liabilities	
Borrowings	(1,220,180)
DTL	(265,238)
Current liabilities	
Borrowings	(14,404,851)
Other current liabilities	(45,699,248)
	<hr/>
Carrying value of assets and liabilities of the disposed subsidiaries	10,828,767

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41 Disposal of subsidiaries (Continued)

(C) The cash impact arising from the disposals in above transactions are summarised as follows:

	Total RMB'000
Cash considerations received as of 31 December 2025	838,620
Cash of the subsidiaries disposed	(311,623)
	<hr/>
Net cash impact	526,997

(D) Summary information of the disposed subsidiaries

- (i) On 23 January 2025, the Group entered into several agreements including limited partnership agreement with certain independent investors, pursuant to which the Group shall subscribe for the junior limited partnership interest of a limited partnership with senior, intermediate and junior limited partners, with the debts owing by a 70% owned subsidiary of the Group (the "Chongqing Bay Project", principally engaged in property development), and the certain equity interest in the Chongqing Bay Project held by the Group. After completion of this transaction, the Group loss of control over the Chongqing Bay Project. Net assets of RMB3.05 billion (mainly consisted of PUDs and CPHFS of approximately RMB8.92 billion, borrowings of approximately RMB3.29 billion and trade and other payables of approximately RMB2.89 billion) and non-controlling interests of RMB0.38 billion were derecognised and an investment in an associate of RMB1.22 billion was recognised upon completion of the transaction. The loss on this transaction amounted to RMB1.45 billion for the year ended 31 December 2025.
- (ii) During the year ended 31 December 2025, the Group disposed of 49% equity interest in a subsidiary, (the "Future Finance City Project", principally engaged in property development), to an independent investor. After completion of this transaction, the Group loss of control over the Future Finance City Project. Net assets of RMB4.02 billion (mainly consisted of PUDs and CPHFS of approximately RMB3.75 billion, other receivables of approximately RMB15.52 billion and current liabilities of approximately RMB17.12 billion) were derecognised and an investment in a joint venture of RMB1.40 billion was recognised upon completion of the transaction. The loss on this transaction amounted to approximately RMB2.62 billion for the year ended 31 December 2025.
- (iii) In December 2025, one subsidiary of the Group entered into several agreements including a trust agreement with certain independent investors. Pursuant to terms of these agreements, the Group shall subscribe for the interest of the subordinated beneficiary of a service trust by contributing certain equity interests of two non-wholly owned subsidiaries of the Group (the "Peach Garden Project", principally engaged in property development) into this service trust. This service trust comprises both priority beneficiaries and subordinated beneficiaries. After completion of this transaction, the Group loss of control over the Peach Garden Project. Net assets of RMB1.84 billion (mainly consisted of PUDs of approximately RMB5.94 billion and borrowings of approximately RMB4.06 billion) were derecognised and the investment in joint ventures of RMB75.00 million aggregately was recognised upon completion of the transaction. The loss on disposal of the entities amounted to RMB1.77 billion for the year ended 31 December 2025.
- (iv) Except the above transactions, the Group disposal equity interests of certain subsidiaries and loss control on these subsidiaries at a consideration of approximately RMB1.26 billion in aggregate. Majority of these subsidiaries principally engaged in property development. Net assets of RMB1.92 billion (mainly consisted of PUDs and CPHFS of approximately RMB21.64 billion, borrowings of approximately RMB6.29 billion, trade and other payables of approximately RMB12.72 billion and contract liabilities of approximately RMB4.35 billion) were derecognised as at the date of disposal. The net loss on these disposals amounted to RMB0.49 billion for the year ended 31 December 2025.

42 Related party transactions

(A) NAME AND RELATIONSHIP WITH RELATED PARTIES

Name	Relationship with the Company
Sunac International Investment Holdings Ltd ("Sunac International")	Immediate controlling shareholder of the Company
Mr. Sun Hongbin	Ultimate controlling party of the Company and the chairman of the Board of Directors

(B) TRANSACTIONS WITH RELATED PARTIES

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions entered into the ordinary course of business between the Group and the related parties:

(i) Cash (paid to)/received from related parties

	Years ended 31 December	
	2025 RMB'000	2024 RMB'000
Cash paid to related parties	(1,206,493)	(1,976,916)
Cash received from related parties	946,132	2,358,990
	(260,361)	382,074

(ii) Rendering of services and interest income

	Years ended 31 December	
	2025 RMB'000	2024 RMB'000
Nature of transaction		
Joint ventures:		
– Interest income	200,718	562,698
– Property management services	45,783	62,970
Associates:		
– Interest income	79,154	665,912
– Property management services	14,237	14,354

Interest income is charged at interest rates as specified in note 42(D) on the outstanding balances. Property management services fee is charged at rates in accordance with respective contracts.

Except for above transactions, the Group provides fitting and decoration services to the related companies which the income are charged at rates in accordance with respective contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

42 Related party transactions (Continued)

(C) COMPENSATION OF KEY MANAGEMENT PERSONNEL

The executive directors of the Company are regarded the only key management personnel of the Group. Other than the remuneration paid to the Directors as set out in note 46, who are considered as the key management personnel of the Group, the Group did not have any other significant compensations to key management personnel. The remuneration of the directors and key management personnel is determined by the Board of Directors having regard to the performance of individuals and market trends.

(D) RELATED PARTIES BALANCES

	31 December 2025 RMB'000	31 December 2024 RMB'000
Amounts due from joint ventures		
– Interest free	64,601,762	54,960,054
– Interest bearing	3,992,647	5,045,302
– Interest receivables	4,703,481	4,492,434
– Trade receivables	1,424,260	1,357,773
	74,722,150	65,855,563
Less: loss allowance (note 3.1(B))	(6,082,455)	(5,352,819)
	68,639,695	60,502,744
Amounts due from associates		
– Interest free	8,025,354	6,785,457
– Interest bearing	2,781,690	4,082,764
– Interest receivables	1,704,737	1,817,328
– Trade receivables	114,151	88,818
	12,625,932	12,774,367
Less: loss allowance (note 3.1(B))	(1,027,763)	(1,038,316)
	11,598,169	11,736,051
Amounts due to joint ventures	58,881,624	40,706,554
Amounts due to associates	11,515,154	10,131,686
Amounts due to managements	201,720	190,000
	70,598,498	51,028,240
MCB 1 and MCB 2 held by related parties	3,230,852	–
2023 Shareholder MCB	–	477,714

42 Related party transactions *(Continued)*

(D) RELATED PARTIES BALANCES *(Continued)*

Most of the amounts due from joint ventures and associates almost have no fixed repayment date, bearing interest rate at 4.0% to 13.0% per annum for the year ended 31 December 2025 (2024: 4.0% to 14.0%).

The amounts due to joint ventures and associates were unsecured, interest-free and repayable on demand.

Loans from managements were unsecured, interest-free and repayable on demand.

43 Dividends

No dividend was paid in 2025 (2024: Nil). No final dividend was recommended in respect of the year ended 31 December 2025.

44 Events after the consolidated balance sheet date

(A) DISMISSAL OF THE WINDING-UP PETITION

On 10 January 2025, the Company received a winding-up petition (the “Petition”) filed by China Cinda (HK) Asset Management Co., Limited (the “Petitioner”) at the High Court of the Hong Kong Special Administrative Region (the “High Court”) in relation to the non-repayment of the loan to the Petitioner as lender by Shining Delight Investment Limited (an indirect wholly-owned subsidiary of the Company) as borrower and the Company as guarantor, in the aggregate principal amount of US\$30,000,000 and accrued interests.

Following the completion of the Company’s holistic offshore debt restructuring including the above loan on 23 December 2025, and upon the joint application of the Company and the Petitioner by way of consent summons, an order was made by the High Court on 5 January 2026 that the Petition be dismissed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

45 Balance sheet and reserve movement of the Company

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries		24,005,990	24,048,019
Investments in associates		223,431	244,344
		24,229,421	24,292,363
Current assets			
Amounts due from subsidiaries		60,775,610	63,214,357
Other receivables		12,515	26,996
Cash and cash equivalents		3,125	4,274
		60,791,250	63,245,627
Total assets		85,020,671	87,537,990
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	20	1,120,269	817,490
Other reserves	(A)	27,199,210	21,590,484
Retained earnings	(A)	34,387,348	17,501,970
Total equity		62,706,827	39,909,944
Liabilities			
Non-current liabilities			
Derivative financial instruments	25	5,789,639	–
Borrowings		97,168	30,733,222
		5,886,807	30,733,222
Current liabilities			
Borrowings		452	1,979,464
Other payables		2,040	686,050
Derivative financial instruments	25	8,632,913	3,415,116
Amounts due to subsidiaries		7,791,632	10,814,194
		16,427,037	16,894,824
Total liabilities		22,313,844	47,628,046
Total equity and liabilities		85,020,671	87,537,990

The balance sheet of the Company was approved by the Board of Directors on 27 March 2026 and were signed on its behalf.

Sun Hongbin
Director

Wang Mengde
Director

45 Balance sheet and reserve movement of the Company (Continued)

(A) RESERVE MOVEMENT OF THE COMPANY

	Share premium RMB'000	Share option reserves RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
Year ended 31 December 2024					
At 1 January 2024	15,077,556	2,526,864	1,416,348	24,431,836	43,452,604
Loss for the year	–	–	–	(6,929,866)	(6,929,866)
Shares issued upon the conversion of the 2023 Convertible Bonds	1,421,661	–	–	–	1,421,661
Proceeds of placing of existing shares and subscription of new shares	1,047,935	–	–	–	1,047,935
Equity components recognised from onshore debt restructuring	–	–	100,120	–	100,120
At 31 December 2024	17,547,152	2,526,864	1,516,468	17,501,970	39,092,454
Year ended 31 December 2025					
At 1 January 2025	17,547,152	2,526,864	1,516,468	17,501,970	39,092,454
Profit for the year	–	–	–	16,885,378	16,885,378
Shares issued upon the conversion of the 2023 Convertible Bonds	2,831,861	–	–	–	2,831,861
Shares issued upon onshore debt restructuring	1,643,141	–	(100,120)	–	1,543,021
Shares issued upon the conversion of MCB 1	930,639	–	–	–	930,639
Shares issued upon Chiyu Debt Restructuring	303,205	–	–	–	303,205
At 31 December 2025	23,255,998	2,526,864	1,416,348	34,387,348	61,586,558

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

46 Benefits and interests of directors

The Directors' and senior management's emoluments are set out below:

Name of Director	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Share award Expenses RMB'000	Employer's contribution	Other benefits RMB'000
					retirement benefit scheme RMB'000	
Year ended 31 December 2025:						
Directors:						
Sun Hongbin	-	120	-	-	-	-
Wang Mengde	-	120	-	-	60	55
Ma Zhixia	-	960	-	-	81	74
Tian Qiang						
(Resigned on 31 December 2025)	-	880	-	-	121	84
Huang Shuping	-	960	-	-	57	55
Sun Kelvin Zheyi	-	960	-	-	71	66
Lam Wai Hon						
(Resigned on 20 November 2025)	325	-	-	-	-	-
Poon Chiu Kwok	412	-	-	-	-	-
Zhu Jia	412	-	-	-	-	-
Ma Lishan	366	-	-	-	-	-
Yuan Zhigang	366	-	-	-	-	-
Year ended 31 December 2024:						
Directors:						
Sun Hongbin	-	240	-	-	-	-
Wang Mengde	-	133	-	-	46	51
Ma Zhixia (Appointed on 20 May 2024)	-	595	-	-	50	50
Jing Hong (Retired on 20 May 2024)	-	252	-	-	27	40
Tian Qiang	-	816	-	-	171	170
Huang Shuping	-	660	-	-	50	69
Sun Kelvin Zheyi	-	600	-	-	71	80
Lam Wai Hon	365	-	-	-	-	-
Poon Chiu Kwok	411	-	-	-	-	-
Zhu Jia	411	-	-	-	-	-
Ma Lishan	365	-	-	-	-	-
Yuan Zhigang	365	-	-	-	-	-

46 Benefits and interests of directors (Continued)

For the years ended 31 December 2025 and 2024, no housing allowance, compensation for loss of office as director, estimated money value of other benefits, remunerations paid or receivable in respect of accepting office as director, emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking were provided by the Group to directors or chief executive.

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

47 Subsidiaries

The Group's principal subsidiaries at 31 December 2025 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business. The Directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the following list contains only the particulars of subsidiaries as at 31 December 2025 which principally affect the results or assets of the Group.

Name	Date of incorporation/ acquisition	Nominal value of issued and fully paid share capital/ registered capital	Equity interests held				Principal activities and place of operation
			31 December 2025		31 December 2024		
			Directly	Indirectly	Directly	Indirectly	
Incorporated in the British Virgin Islands, limited liability company:							
Jujin Real Estate Investment Holdings Ltd.	6 September 2007	USD1	100%	-	100%	-	Investment holding in the British Virgin Islands
Dingsheng Real Estate Investment Holdings Ltd.	6 September 2007	USD1	100%	-	100%	-	Investment holding in the British Virgin Islands
Zhuoyue Real Estate Investment Holdings Ltd.	13 September 2007	USD1	100%	-	100%	-	Investment holding in the British Virgin Islands
Elegant Trend Limited	17 July 2013	HKD15.6	-	100%	-	100%	Investment holding in the British Virgin Islands
Lead Sunny Investments Limited	28 September 2012	USD50,000	100%	-	100%	-	Investment holding in the British Virgin Islands
Incorporated in Hong Kong, limited liability company:							
Lead Perfect (HK) Investment Limited	19 June 2018	USD333.33 million	-	100%	-	100%	Investment holding in Hong Kong
Creation Vast (HK) Investment Limited	1 August 2019	USD210.21 million	-	100%	-	100%	Investment holding in Hong Kong
Wisdom Collection Holdings (Hong Kong) Limited	17 July 2013	HKD10,000	-	100%	-	100%	Investment holding in Hong Kong
Lucky Excellent Investments Limited	28 July 2015	HKD10,000	-	100%	-	100%	Investment holding in Hong Kong
Incorporated in Mainland China, limited liability company:							
New Richport Property Development Shanghai Co., Ltd.**	17 July 2013	RMB2.5 billion	-	100%	-	100%	Real estate development in Mainland China
Wuxi Sunac City Investment Co., Ltd.	10 November 2017	RMB4.212 billion	-	100%	-	100%	Real estate development in Mainland China

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

47 Subsidiaries (Continued)

Name	Date of incorporation/acquisition	Nominal value of issued and fully paid share capital/registered capital	Equity interests held				Principal activities and place of operation
			31 December 2025		31 December 2024		
			Directly	Indirectly	Directly	Indirectly	
Incorporated in Mainland China, limited liability company: (Continued)							
Shanghai Sunac Real Estate Development Co., Ltd.	18 December 2014	RMB2 billion	-	100%	-	100%	Investment holding in Mainland China
Shanghai Xiangyuan Investment Holdings Limited	3 May 2016	RMB2 billion	-	100%	-	100%	Investment holding in Mainland China
Hefei Wanda City Investment Co Ltd.	3 August 2017	RMB2 billion	-	100%	-	100%	Real estate development in Mainland China
Sunac Xinheng Investment Group Co., Ltd.	27 August 2013	RMB1 billion	-	100%	-	100%	Investment holding in Mainland China
Sunac Oriental Movie Metropolis Investment Co., Ltd.	10 November 2017	RMB3 billion	-	100%	-	100%	Real estate development in Mainland China
Qingdao Sunac Yacht Industry Investment Co., Ltd.	10 November 2017	RMB2.5 billion	-	100%	-	100%	Real estate development in Mainland China
Jinan Wanda City Construction Co., Ltd.	10 November 2017	RMB2 billion	-	100%	-	100%	Real estate development in Mainland China
Beijing Sunac Construction Investment Real Estate Co., Ltd.	16 August 2010	RMB1 billion	-	100%	-	100%	Investment holding in Mainland China
Qingdao Calxon Real Estate Development Co., Ltd.	31 December 2016	RMB1.623 billion	-	100%	-	100%	Real estate development in Mainland China
Nanchang Wanda City Investment Co Ltd.	4 August 2017	RMB2 billion	-	100%	-	100%	Real estate development in Mainland China
Sunac Real Estate Group Co., Ltd.	31 January 2003	RMB15.015 billion	-	100%	-	100%	Investment holding in Mainland China
Harbin Wanda City Investment Co., Ltd.	2 August 2017	RMB2 billion	-	100%	-	100%	Real estate development in Mainland China
Sunac Huabei Development Group Co., Ltd.	25 February 2003	RMB224.46 million	-	100%	-	100%	Investment holding in Mainland China
Guangzhou Wanda Cultural&Tourism City Investment Co., Ltd.	31 August 2017	RMB8.163 billion	-	100%	-	100%	Real estate development in Mainland China
Shenzhen Sunac Real Estate Co., Ltd.	9 March 2015	RMB2 billion	-	100%	-	100%	Investment holding in Mainland China
Chongqing Wanda City Investment Co., Ltd.	30 March 2018	RMB3 billion	-	100%	-	100%	Real estate development in Mainland China
Chengdu Sunac Cultural&Tourism City Investment Co., Ltd.	5 September 2017	RMB2 billion	-	100%	-	100%	Real estate development in Mainland China
Kunming Sunac City Investment Co., Ltd.	10 November 2017	RMB2 billion	-	100%	-	100%	Real estate development in Mainland China
Guilin Sunac City Investment Co., Ltd.	28 August 2017	RMB1.5 billion	-	100%	-	100%	Real estate development in Mainland China
Xishuangbanna International Tourism Resort Development Co., Ltd.	4 August 2017	RMB2 billion	-	100%	-	100%	Real estate development in Mainland China
Harbin Mingsheng Business Management Co., Ltd.	21 August 2017	RMB1.2 billion	-	100%	-	100%	Investment and operation culture and tourism project in Mainland China
Sunac (Shenzhen) Cultural Tourism Operation Management Co., Ltd.	25 October 2018	RMB2 billion	-	100%	-	100%	Investment and operation culture and tourism project in Mainland China
Tianjin Sunac Yuanhao Real Estate Co., Ltd.	20 January 2016	RMB100 million	-	100%	-	100%	Real estate development in Mainland China
Tianjin Sunac Qi'ao Real Estate Co., Ltd.**	21 May 2019	RMB2 billion	-	100%	-	100%	Real estate development in Mainland China
Dalian Dalian Real Estate Development Co., Ltd.*	12 June 2019	RMB2.682 billion	-	100%	-	100%	Real estate development in Mainland China
Fanhai Construction Holdings Co., Ltd.	15 March 2019	RMB9 billion	-	100%	-	100%	Real estate development in Mainland China
Sunac Xinan Real Estate Development (Group) Co., Ltd.	24 April 2003	RMB1.01 billion	-	100%	-	100%	Investment holding in Mainland China
Guiyang Guanshanhu Big Data Technology Industry Park Construction Co., Ltd.	11 May 2017	RMB1.41 billion	-	51%	-	51%	Real estate development in Mainland China

47 Subsidiaries (Continued)

Name	Date of incorporation/ acquisition	Nominal value of issued and fully paid share capital/ registered capital	Equity interests held				Principal activities and place of operation
			31 December 2025		31 December 2024		
			Directly	Indirectly	Directly	Indirectly	
Incorporated in Mainland China, limited liability company: (Continued)							
Global Sunac Exhibition&Travel Group Co., Ltd.	19 December 2019	RMB604.03 million	-	70%	-	70%	Real estate development in Mainland China
Dalian Sunac Haoteng Real Estate Development Co., Ltd.	6 December 2017	RMB903.07 million	-	100%	-	100%	Real estate development in Mainland China
Tianjin Xingyao Investment Co., Ltd.	1 July 2021	RMB4.653 billion	-	100%	-	100%	Real estate development in Mainland China
Henan Zhongzhixiang Real Estate Co., Ltd.	26 May 2021	RMB250 million	-	100%	-	100%	Real estate development in Mainland China
Zhangjiakou Sunac Taihe Real Estate Development Co., Ltd.	1 June 2021	RMB20 million	-	78%	-	78%	Real estate development in Mainland China
Shanxi Sunac Hengji Real Estate Co., Ltd.	1 July 2021	RMB10 million	-	100%	-	100%	Real estate development in Mainland China
Shanxi Sunac Jiye Real Estate Development Co., Ltd.	1 July 2021	RMB70 million	-	70%	-	70%	Real estate development in Mainland China
Qingdao Sunac Jiancheng Investment Co., Ltd.**	1 July 2021	USD892.43 million	-	100%	-	100%	Real estate development in Mainland China
Wuhan Rongjing Real Estate Development Co., Ltd.**	31 December 2021	USD972.80 million	-	100%	-	100%	Real estate development in Mainland China
Chengdu Sunac Yuxue Cultural Tourism Development Co., Ltd.	27 October 2020	RMB200 million	-	100%	-	100%	Investment and operation culture and tourism project in Mainland China
Guangzhou Bonski Tourism Development Co., Ltd.	28 August 2023	RMB1 million	-	100%	-	100%	Investment and operation culture and tourism project in Mainland China
Tianjin Sunac Real Estate Investment Management Co., Ltd.*	6 February 2007	RMB10 million	-	100%	-	100%	Investment holding in Mainland China
Beijing Sunac Rongke Real Estate Co., Ltd.	12 October 2016	RMB500 million	-	100%	-	100%	Real estate development in Mainland China
Tianjin Sunac Cultural&Tourism Real Estate Co., Ltd.	17 July 2017	RMB100 million	-	100%	-	100%	Investment holding in Mainland China
Beijing Sunac Holdings Group Ltd.**	8 January 2020	RMB15 billion	-	100%	-	100%	Investment holding in Mainland China
Heilongjiang Sunac Real Estate Co., Ltd.	25 July 2017	RMB50 million	-	100%	-	100%	Real estate development in Mainland China
Shaanxi Sunac Xixu Real Estate Co., Ltd.	6 September 2015	RMB80 million	-	100%	-	100%	Real estate development in Mainland China
Beijing Sunac Hengji Real Estate Co., Ltd.	2 June 2005	RMB100 million	-	100%	-	100%	Real estate development in Mainland China
Sunac (Qingdao) Real Estate Co., Ltd.	11 October 2016	RMB10 million	-	100%	-	100%	Real estate development in Mainland China
Qingdao Longyue Real Estate Co., Ltd.	9 November 2017	RMB60 million	-	70%	-	70%	Real estate development in Mainland China
Zhejiang Sunac Industry City Group Co., Ltd.	18 May 2017	RMB1 billion	-	100%	-	100%	Investment holding in Mainland China
Chongqing Sunac Real Estate Co., Ltd.	25 May 2012	RMB20 million	-	100%	-	100%	Real estate development in Mainland China
Sichuan Heilongtan Changdao International Tourism Resort Center Co., Ltd.	19 December 2019	RMB1.631 billion	-	70%	-	70%	Real estate development in Mainland China
Changsha Global Century Development Co., Ltd.	19 December 2019	RMB100 million	-	70%	-	70%	Real estate development in Mainland China
Sichuan Huanrong Zhongjun Culture & Tourism Development Co., Ltd.	8 March 2023	RMB300 million	-	69%	-	69%	Real estate development in Mainland China
Yunnan Sunac Real Estate Development Co., Ltd.	8 November 2016	RMB10 million	-	100%	-	100%	Investment holding in Mainland China
Hainan Sunac Jiye Real Estate Co., Ltd.	8 August 2016	RMB400 million	-	100%	-	100%	Real estate development in Mainland China
Wuhan Sunac Jiye Holdings Group Ltd.	13 August 2015	RMB1 billion	-	100%	-	100%	Investment holding in Mainland China

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

47 Subsidiaries (Continued)

Name	Date of incorporation/ acquisition	Nominal value of issued and fully paid share capital/ registered capital	Equity interests held				Principal activities and place of operation
			31 December 2025		31 December 2024		
			Directly	Indirectly	Directly	Indirectly	
Incorporated in Mainland China, limited liability company: (Continued)							
Wuhan Tazihu Real Estate Co., Ltd.	30 September 2019	RMB80 million	-	100%	-	100%	Real estate development in Mainland China
Henan Sunac Aocheng Real Estate Co., Ltd.	10 March 2016	RMB100 million	-	100%	-	100%	Real estate development in Mainland China
Chengdu Lexue Tourism Development Co., Ltd.	28 October 2021	RMB1 million	-	100%	-	100%	Investment and operation culture and tourism project in Mainland China
Guangzhou Rongxuan Cultural Tourism Management Co., Ltd.	10 July 2023	RMB1 million	-	100%	-	100%	Investment and operation culture and tourism project in Mainland China
Anhui Sunac Real Estate Development Co., Ltd.	26 May 2017	RMB100 million	-	100%	-	100%	Investment holding in Mainland China
Guiyang Sunac Yushenghe Real Estate Development Co., Ltd.	9 February 2018	RMB60 million	-	80%	-	80%	Investment holding in Mainland China

* Registered as wholly foreign owned enterprises under Mainland China laws.

** Registered as sino-foreign equity joint ventures under Mainland China laws.

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



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