上海實業城市開發集團有限公司
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 563

UNITING MINDS and EFFORTS PROGRESSING STEADILY for LASTING SUCCESS

ANNUAL REPORT 2025

QUALITY MASTERPIECES

ULTIMATE EXCELLENCE

Shanghai Industrial Urban Development Group Limited ("SIUD") currently has 27 real estate projects in 10 major cities in China, mainly located at Shanghai, Beijing, Tianjin, Wuxi, Shenyang, Xi'an, Chongqing, Yantai, Wuhan and Shenzhen. Most of the projects are mid- to high-end residential projects which are under construction at full steam, presenting the Group with approximately 3.23 million square meters future saleable areas and building a marvelous foundation for our long term development.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Haiping *(Chairman)*
Mr. Li Zhonghui *(President)*
Ms. Zhou Yadong

Independent Non-Executive Directors

Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*
Dr. Fan Ren Da, Anthony
Mr. Li Ka Fai, David, *M.H.*
Dr. Chan Ho Wah, Terence

AUTHORIZED REPRESENTATIVES

Mr. Huang Haiping
Mr. Chan Kin Chu, Harry

BOARD COMMITTEES

Audit Committee

Mr. Li Ka Fai, David, *M.H. (Committee Chairman)*
Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*
Dr. Fan Ren Da, Anthony

Remuneration Committee

Mr. Doo Wai-Hoi, William, *B.B.S., J.P. (Committee Chairman)*
Dr. Fan Ren Da, Anthony
Dr. Chan Ho Wah, Terence

Nomination Committee

Mr. Huang Haiping *(Committee Chairman)*
Ms. Zhou Yadong *(appointed on 12 November 2025)*
Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*
Dr. Fan Ren Da, Anthony
Dr. Chan Ho Wah, Terence
(appointed on 12 November 2025)

Investment Appraisal Committee

Dr. Fan Ren Da, Anthony *(Committee Chairman)*
Mr. Li Zhonghui
Ms. Zhou Yadong

COMPANY SECRETARY

Mr. Chan Kin Chu, Harry

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House,
2 Church Street,
Hamilton, HM11,
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre,
16 Harcourt Road,
Hong Kong

REGISTERED OFFICE

Clarendon House,
2 Church Street,
Hamilton, HM11,
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

11/F, Henley Building,
No. 5 Queen's Road Central,
Hong Kong
Telephone: (852) 2544 8000
Facsimile: (852) 2544 8004

WEBSITE

http://www.siud.com

PRINCIPAL BANKERS

Bank of China Limited
China Construction Bank Corporation
China Everbright Bank
The Hongkong and Shanghai Banking Corporation Limited
Shanghai Pudong Development Bank Company Limited

AUDITOR

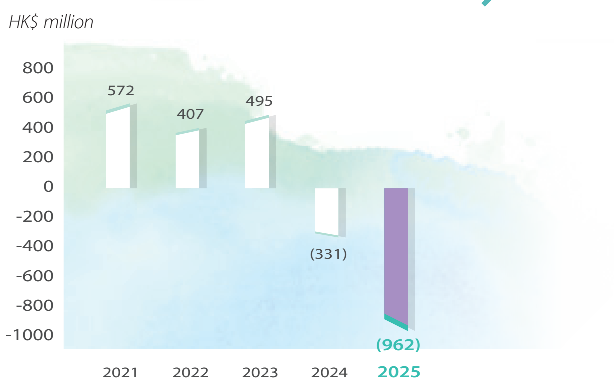
Ernst & Young
Certified Public Accounts
Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance
27/F., One Taikoo Place,
979 King's Road, Quarry Bay,
Hong Kong

LISTING INFORMATION

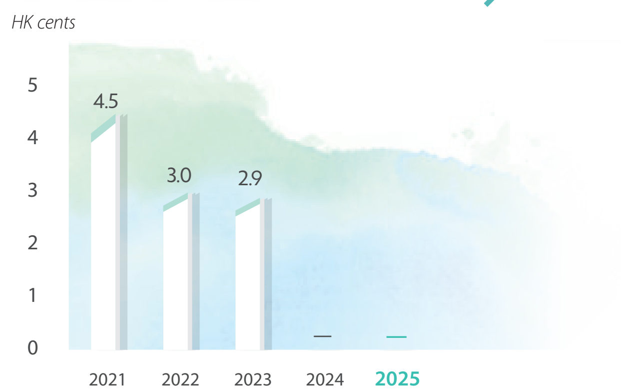
The Stock Exchange of Hong Kong Limited
Ordinary Shares
(Stock Code: 563)

FINANCIAL HIGHLIGHTS

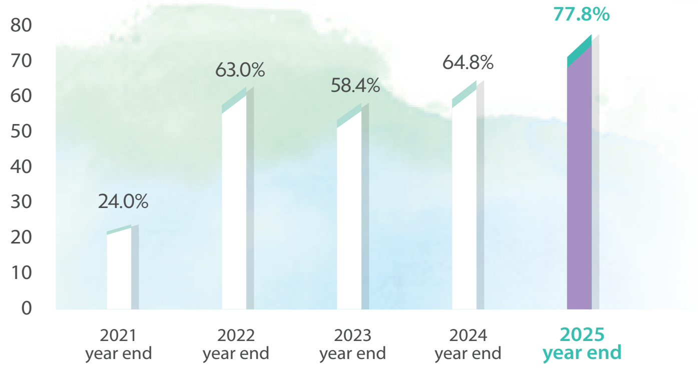
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS



PROPOSED DIVIDEND/ DIVIDEND PAID

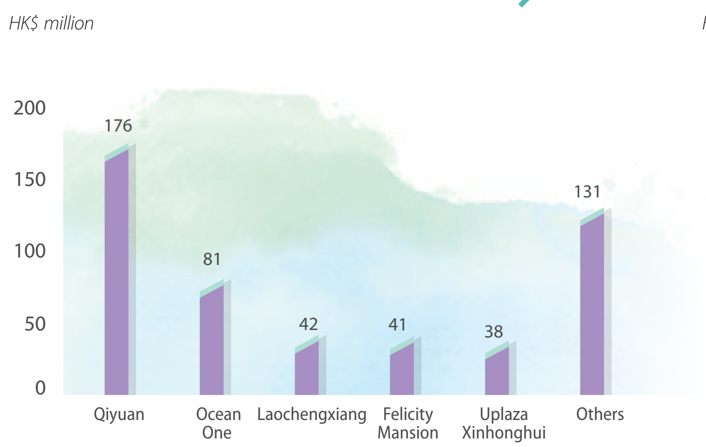


NET DEBT TO TOTAL EQUITY (%) (NOTE)

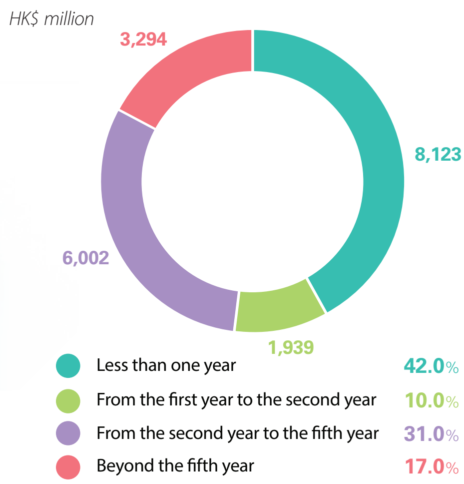


Note: Net debt = total borrowings (including bank borrowings and other borrowings) less bank balances and cash and restricted and pledged bank deposits.

ANALYSIS ON PRE-SALE PROCEEDS RECEIVED ON SALES OF PROPERTIES



DEBT MATURITY PROFILE



FINE FABRICATION

REFRESHED RESIDENCE

CHAIRMAN'S STATEMENT

In 2025, the international landscape grew increasingly complex and volatile. Tariff policies disrupted global markets, global supply chains underwent restructuring, and geopolitical conflicts intensified. Amidst these intertwined factors, the global market entered a phase of profound reshaping and rebalancing. With its solid foundation, China's economy demonstrated resilience amid pressure. Driven by stronger-than-expected export growth and robust industrial production, the full-year gross domestic product (GDP) surpassed RMB140 trillion for the first time, growing 5.0% year-on-year and successfully meeting the annual target. The overall economy maintained a steady upward trend, while the property market continued its deep adjustments and transformation. Shanghai Industrial Urban Development Group Limited ("SIUD" or the "Group") implemented a flexible and prudent development strategy, continuously optimising its portfolio of premium projects in core cities, maintaining stable operations throughout the year.

During the year under review, China's property market has stabilised at its bottom, under a dual-track approach of "short-term stabilisation and long-term advancement". The immediate goal is to halt decline and achieve stability, while the long-term focus remains on high-quality development. The central government has maintained the policy keynote of "prioritising stability and seeking progress while maintaining stability", emphasizing the need to "stabilise the property market, benefit people's livelihood, prevent risks, and foster transformation". Local governments implemented city-specific measures, with some relaxing sale and purchase restrictions, lowering mortgage interest rates, and offering home purchase subsidies to unlock both rigid and upgrading housing demand. On the supply side, efforts to revitalise existing assets, regulate land supply, and enhance housing quality promoted supply-demand coordination. With the implementation of a suite of policy measures, market confidence gradually improved, particularly in first-tier and strong second-tier cities. Whilst the market remained in a recovery phase, the decline in the sale of newly-built commodity housing in terms of both gross floor area and sales amount has narrowed on a nationwide basis, signaling a positive trend toward stabilisation and recovery.

Amidst an exceptionally challenging market environment, SIUD dynamically adjusted the pace of developing and launching projects. Seizing opportunities presented by favorable policies, it implemented precise strategies and continued to strengthen its operational capabilities, driving steady and healthy development across all business segments. During the year, the Group successfully delivered its premium residential projects namely Ocean One in Shanghai, Summitopia in Tianjin, Ocean Times in Shanghai and Qiyuan in Xi'an. Notably, Ocean Times in Shanghai achieved a 100% delivery rate, setting a benchmark for good housing and creating ideal living environment for residents. Flagship projects including Ocean One in Shanghai, Qiyuan in Xi'an, Ocean Times in Shanghai, Summitopia in Tianjin and Felicity Mansion in Yantai continued their orderly sales rollout, contributing steady revenue to the Group.

In the investment property segment, in line with its development strategy of focusing on both leasing and sales, the Group actively developed its residential leasing and commercial properties operations. During the year, the renovation and upgrade of Holiday Inn Express Wuxi Taihu, the Group's first urban micro-renewal project, was completed. Through efficient transformation of the existing structure, this initiative achieved innovative revitalisation and enhanced capabilities for the aging asset, significantly boosting property value and resident experience. Meanwhile, the inclusion of OPARTMENT boutique hotel apartment brand in TODTOWN catered to young professionals' demand for upgraded living standards and also enriched TODTOWN's tenant mix. Meanwhile, the Group's large-scale TOD flagship commercial project in Minhang, "TODTOWN Mall 上海天薈廣場", has grandly launched its innovative fusion space "SOCIATER". Through groundbreaking scenario design, curated brand mix, and continuous content operations, the project has established a new benchmark for commercial experience in southwest Shanghai while further strengthening the Group's brand influence and strategic development in the commercial properties sector.

The Group sustained stable financial performance by adopting prudent capital management strategies, seeking to lower its borrowing costs and optimise its capital structure. During the year, Shanghai Urban Development (Holdings) Co., Ltd. successfully issued its 2025 corporate bonds (Phase I & Phase II) in the principal amount of not more than RMB1,900,000,000 to professional institutional investors, with four types: (i) the 2025 Phase I corporate bonds with a term of three years at a coupon rate of 2.08% per annum and an aggregate principal amount of RMB950,000,000; (ii) the 2025 Phase I corporate bonds with a term of five years at a coupon rate of 2.56% per annum and an aggregate principal amount of RMB200,000,000; (iii) the 2025 Phase II corporate bonds with a term of three years at a coupon rate of 2.25% per annum and an aggregate principal amount of RMB650,000,000; and (iv) the 2025 Phase II corporate bonds with a term of five years at a coupon rate of 2.60% per annum and an aggregate principal amount of RMB100,000,000. The issuance not only enables considerable financial cost saving for the Group, but also demonstrates capital market's confidence and recognition of the Group's continuous enhancement in its overall capabilities and brand image.

The Group has consistently deepened its presence in major cities nationwide, implementing an excellence-driven development philosophy while continuously enriching its brand essence and enhancing core competitiveness. During the year, the Group garnered numerous honours and awards, fully underscoring the market's high recognition of its capabilities. In January, the 河山 and 江月 projects under SIUD's Xi'an • Originally won the Platinum Award for Residential Architectural Design at the GA+ AWARDS 2024. In March, SIUD's U CHANGE Hui community and U CHANGE Xin community were both recognised as "Grade 5A Youth Centers in Shanghai". In the same month, the Group was ranked among the 2025 Top 500 Real Estate Developers for Comprehensive Strength in the 2025 Top 500 Real Estate Developers for Comprehensive Strength Assessment co-hosted by the China Real Estate Association and Shanghai Yiju Real Estate Research Institute. In April, with its innovative exploration of youth-friendly social housing design, the Group's U CHANGE Xin community received the "Architectural Design/Social Housing" award at the 2024 LIV Hospitality Design Awards. In May, the Group was recognised among the 2025 Top Listed Property Developers for Comprehensive Strength in the 2025 Assessment and Research on Listed Property Developers conducted by Shanghai Yiju Real Estate Research Institute and CRIC under the guidance of the China Real Estate Association.

Looking ahead to 2026, driven by sustained policy support and gradual market recovery, the property market is expected to maintain a stable development trend and show more positive signals. As the inaugural year of the 15th Five-Year Plan, policy will be guided by the principle of `focusing on stabilising the property market', concentrating on controlling increment, reducing inventory and optimising supply with city-specific policies. Efforts will be made to explore multiple channels for revitalising existing commodity housing stock, whilst encouraging the acquisition of such properties primarily for use as affordable housing. At the same time, the deepening of reforms to the housing provident fund system, the optimisation of affordable housing supply and the acceleration of the renovation of dilapidated housing all demonstrate the central government's determination to stabilise the market. Furthermore, the central government will systematically promote the construction of `good housing' that are safe, comfortable, green and smart; implement projects to enhance housing quality and initiatives to improve property management services; further leverage the white list system to ensure the timely handover of completed properties; guard against the risk of debt defaults; and advance the development of foundational systems and supporting policies for new models of property development. The central government's sustained efforts to stabilise the property market, emphasising the role of housing security and improving people's livelihoods, not only solidify the foundation for the market's long-term healthy development but also comprehensively propel the market towards high-quality development.

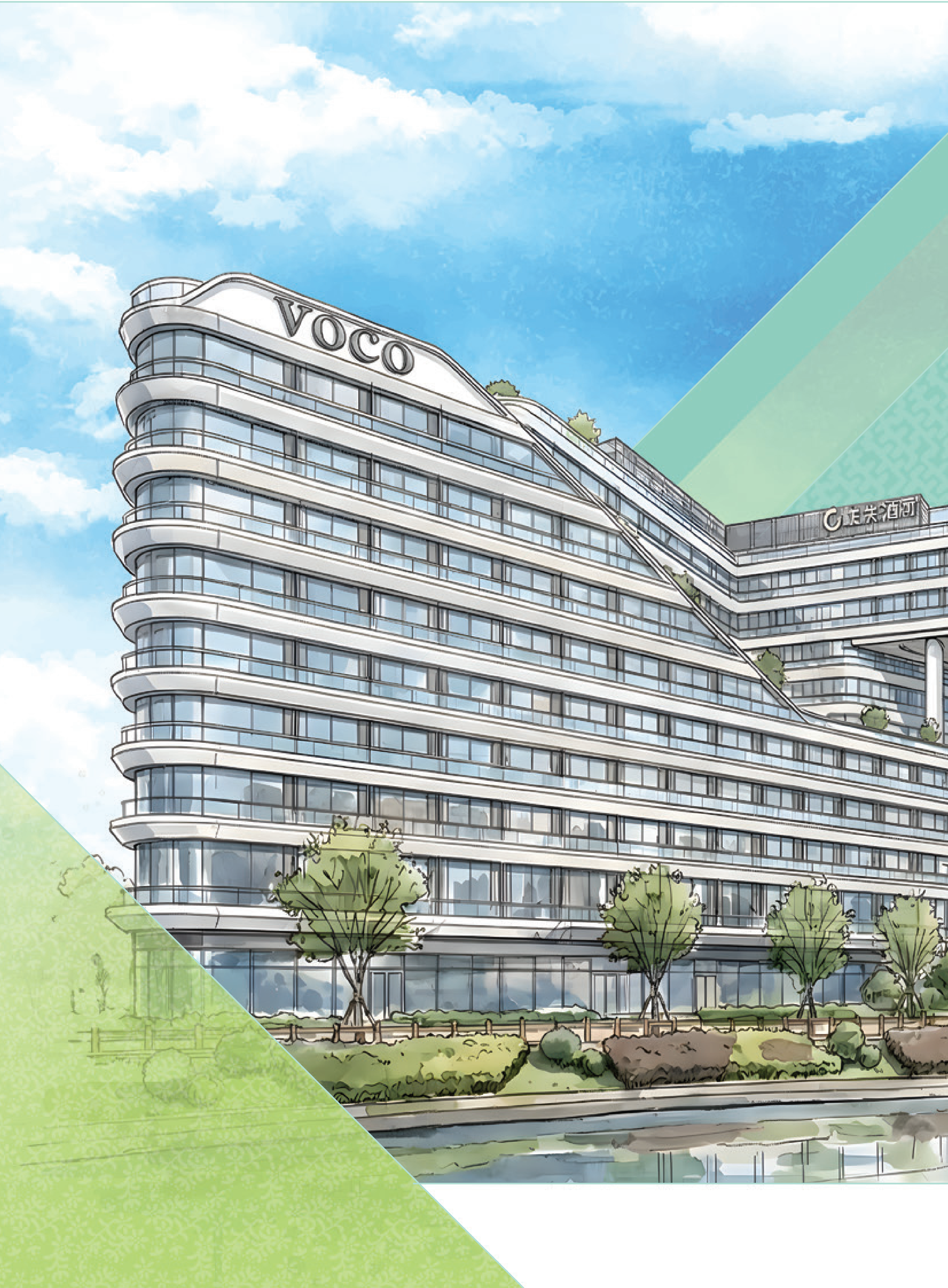
Amidst a highly challenging market environment and profound industry transformation, the Group will prioritise prudent operations. Anchored in its strategic positioning as a "city-industry integrated developer in core cities", it will conduct precise market analysis, capitalise on the development opportunities presented by the urban renewal of core cities including Shanghai and Xi'an, leverage favorable policies and market opportunities, drive orderly business growth, stabilise revenue streams, and enhance operational resilience and development quality. At the same time, the Group will focus on accelerating sales collection, enhancing asset turnover efficiency, and controlling finance costs to strengthen operating cash flow across multiple dimensions and provide robust support for sustainable development and risk mitigation. Furthermore, through refined management of major projects, optimisation of resources deployment and highly-effective cost control, the Group will achieve dual breakthroughs in revenue growth and cost reduction, solidifying the foundation for high-quality development. Finally, on behalf of the Board, I would like to extend my heartfelt gratitude to all of our employees for their dedicated efforts, and express my deepest appreciation to our shareholders, customers and business partners for their unwavering trust and support. Let us continue to work together in unity, shoulder to shoulder, to forge a brighter future in this era of challenges and opportunities.

Huang Haiping
Chairman

24 March 2026

Note:

The data on the gross domestic product of China for 2025 is gathered from the information published by the National Bureau of Statistics on 20 January 2026.


VOCO

GREATNESS IN THE DETAILS

SUPERIOR QUALITY

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY MARKET REVIEW

In 2025, under a series of supportive policies adopted by the central government, China's property market achieved the milestone of "restoration and stabilisation". Meanwhile, further focus has been on the coordinated development at both the supply and demand sides, building a systematic long-term mechanism, and mitigating risks. Alongside the gradual move away from the old model of "high leverage and high turnover", the "essence of housing" is being upheld, with efforts to foster "guaranteed delivery of property projects" and the construction of "good housing", thereby catering to the reasonable housing needs of residents and advancing high-quality development of the industry. According to the National Bureau of Statistics, national property development investment and total sales and gross floor area sold for newly constructed commodity housing decreased year-on-year by 17.2%, 12.6% and 8.7%, respectively. As regulatory policies gradually took effect, the decline in both total sales and gross floor area sold for newly constructed commodity housing narrowed, reflecting the gradual revival of market confidence, amidst the industry's move towards a more stable new development cycle through intensified transformation.

BUSINESS REVIEW

Overview

In 2025, facing the immense pressure of property market adjustment and transformation, the Company persevered, dynamically adjusting its operational strategies, continuously promoting the development of high-quality projects, and deepening its layout in the commercial properties sector. Meanwhile, it actively fostered cost reduction and efficiency improvement, continuously enhancing operational resilience and providing strong support for steady corporate development. During the year, key projects, including Ocean One in Shanghai, Qiyuan in Xi'an, Ocean Times in Shanghai, Summitopia in Tianjin, Felicity Mansion in Yantai and Urban Cradle in Shanghai, maintained steady sales performance and contributed to the Group's ongoing and steady revenue. With a primary focus on Shanghai, the Group steadily expanded into other core first- and second-tier cities. The Group also expanded its premium land bank in a timely manner, deepened its presence in residential leasing operations and commercial properties, continued to strengthen its profitability and risk resilience, and sharpened its overall competitive edge, thereby further solidifying its leadership in the Shanghai property market.

Contract Sales

During the year ended 31 December 2025, the Group's contract sales from commodity housing decreased by 53.4% year-on-year to RMB1,832,210,000 (2024: RMB3,933,360,000). Total contract sales in terms of G.F.A. were 109,000 sq.m., a decrease of 40.8% year-on-year. The average selling price was approximately RMB16,800 per sq.m. primarily due to the smaller proportion of sales in first- and second-tier cities.

The Group's key projects for sale during the year included Ocean One in Shanghai, Qiyuan in Xi'an, Ocean Times in Shanghai, Summitopia in Tianjin, Felicity Mansion in Yantai and Urban Cradle in Shanghai, which accounted for approximately 29.1%, 16.7%, 16.5%, 12.3%, 10.9% and 9.1%, respectively, of the total contract sales of commodity housing for the year.

Land Bank

As at 31 December 2025, the Group's land bank was developed into 27 property projects located in 10 major cities in China, including Shanghai, Beijing, Tianjin, Xi'an, Chongqing, Wuxi, Shenyang, Yantai, Shenzhen and Wuhan, and comprised medium to high class residential and commercial properties, most of which were completed or still under development. The Group has a land bank with a future saleable planned G.F.A. of approximately 3,232,000 sq.m. to support its development for the next 3 to 5 years.

In 2025, guided by the policy of "controlling increment, reducing inventory and optimising supply", China's land market exhibited healthy polarisation, characterised by active acquisitions in core cities including Beijing, Shanghai, Shenzhen and Hangzhou, under the continued trend of "quantity reduction and quality enhancement". The Group remained prudent in its land acquisition strategy, striving to identify premium land resources and focusing on the development and value enhancement of its existing land bank. Moving forward, the Group will maintain its development focus on metropolitan areas in Shanghai, the Yangtze River Delta, and other core first- and second-tier cities. It will closely monitor policy trends and market changes and rely on its high-quality projects to act prudently amidst industry changes and move forward in a steady manner.

Property Development

During the year ended 31 December 2025, the Group had 6 projects with a total G.F.A. of 906,000 sq.m. under construction, which primarily included Ocean Times in Shanghai, Originally in Xi'an, TODTOWN in Shanghai, Felicity Mansion in Yantai and Qiyuan in Xi'an. The Group delivered a total G.F.A. of 122,000 sq.m., which mainly comprised Ocean One in Shanghai, Summitopia in Tianjin, Ocean Times in Shanghai, Qiyuan in Xi'an, Felicity Mansion in Yantai and Originally in Xi'an.

In the year, with the continued implementation of supportive property policies, the Group adjusted the pace of its sales in a flexible manner and rode on the chance to launch several residential projects for sale. Ocean One in Shanghai, Qiyuan in Xi'an, Ocean Times in Shanghai, Summitopia in Tianjin, Felicity Mansion in Yantai and Urban Cradle in Shanghai received positive market response and achieved robust presales performance. Notably, Ocean One in Shanghai was the Group's largest sales contributor.

Investment Properties

During the year ended 31 December 2025, the Group had a number of completed commercial projects in seven cities of major development, namely Shanghai, Beijing, Tianjin, Chongqing, Shenyang, Xi'an and Shenzhen. The investment projects held by the Group had a total G.F.A. of approximately 1,328,000 sq.m. During the year, the overall rental income of the Group increased by 1.2% year-on-year to HK$803,557,000 (2024: HK$793,844,000).

In line with its strategy of focusing on both leasing and sales, the Group actively developed its residential leasing and commercial properties operations. In the long-term rental apartment segment, U CHANGE • Xin community, U CHANGE • Hui community and U CHANGE • Neo community sustained an average occupancy rate of 98% and generated stable rental income for the Group. In the commercial properties segment, the completion of the renovation and upgrade of Holiday Inn Express Wuxi Taihu, the first urban micro-renewal project, and the inclusion of OPARTMENT boutique hotel apartment brand in TODTOWN brought in new growth momentum to the Group's commercial properties segment. In addition, the steady operation of ShanghaiMart — integrating exhibition halls, trade marts and office space — is expected to continue to provide reliable income for the Group.

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2025, the Group's revenue decreased by 70.5% year-on-year to HK$3,667,924,000 (2024: HK$12,440,369,000), primarily due to the year-on-year decrease in the sales of properties delivered of several projects. During the year, property sales, as the Group's main source of revenue, amounted to HK$2,585,369,000 (2024: HK$11,351,331,000), accounting for 70.5% (2024: 91.2%) of the Group's total revenue. The revenue contribution from Ocean One in Shanghai, Summitopia in Tianjin, Ocean Times in Shanghai, Qiyuan in Xi'an, Felicity Mansion in Yantai and Originally in Xi'an accounted for 29.5%, 21.9%, 17.2%, 10.5%, 8.2% and 8.1% of property sales, respectively.

Revenue from leasing, management and services, and hotel operations continued to provide stable revenue sources for the Group, contributing HK$803,557,000, HK$18,828,000 and HK$260,170,000 (2024: HK$793,844,000, HK$13,208,000 and HK$281,986,000) respectively and accounting for 21.9%, 0.5% and 7.1% (2024: 6.4%, 0.1% and 2.3%) of the total revenue, respectively.

Gross Profit and Gross Profit Margin

During the year ended 31 December 2025, the Group recorded a gross profit of HK$732,262,000, representing a 65.6% year-on-year decrease compared to 2024. The gross profit margin was 20.0%, up 2.9 percentage points year-on-year, which was primarily due to the delivery of various projects and property categories.

Investment Property Revaluation

During the year ended 31 December 2025, the Group recorded a net loss of approximately HK$155,741,000 on the revaluation of investment properties (2024: loss of HK$703,073,000). This was primarily due to the slight decrease in the fair values of various investment properties.

Distribution and Selling Expenses

During the year ended 31 December 2025, the Group's distribution and selling expenses increased by 30.7% year-on-year to HK$305,539,000 (2024: HK$233,746,000), which was primarily due to stepped-up efforts in marketing.

General and Administrative Expenses

During the year ended 31 December 2025, the Group's general and administrative expenses increased by 2.1% year-on-year to HK$365,977,000 (2024: HK$358,415,000). This was mainly attributable to the decrease in the capitalization of expenses of certain projects.

Other Expenses, Gains and Losses, Net, including Expected Credit Losses of Financial Assets

During the year ended 31 December 2025, the Group recorded a net loss of approximately HK$73,076,000 in other expenses, gains and losses (2024: net loss of HK$301,378,000) primarily due to the expected credit loss allowance related to account receivable from a joint venture and foreign exchange losses.

Loss

During the year ended 31 December 2025, the Group recorded a loss for the year amounting to HK$1,088,789,000 (2024: loss of HK$372,828,000) primarily driven by the decrease in sales amount of various projects and the lower gross profit margin of the commodity housing projects delivered. The loss attributable to owners of the Company was approximately HK$961,892,000 (2024: loss of HK$331,190,000). Basic and diluted losses per share amounted to 20.12 HK cents (2024: losses of 6.93 HK cents).

Liquidity and Capital Resources

The Group manages its capital to ensure that entities within the Group will be able to operate on a going concern while maximising the return to shareholders through optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank and other borrowings, cash and cash equivalents, and equity attributable to owners of the Company (comprising issued share capital and reserves).

As at 31 December 2025, bank balances and cash of the Group were HK$4,571,721,000 (31 December 2024: HK$5,342,774,000). The net debt to total equity of the Group (net debt (total bank and other borrowings less bank balances and cash and restricted and pledged bank deposits) to total equity) increased from 64.8% as at the end of last year to 77.8%. Current ratio was 1.3 times (31 December 2024: 1.2 times).

As at 31 December 2025, the total borrowings of the Group, including bank borrowings, other borrowings, advanced bonds, medium term notes and domestic corporate bonds, amounted to approximately HK$19,357,881,000 (2024: HK$17,803,227,000), which included the short-term borrowings from a subsidiary of Shanghai Industrial Holdings Limited of RMB600,000,000 (31 December 2024: included short-term borrowings from a subsidiary of Shanghai Industrial Investment (Holdings) Company Limited of HK$850,000,000). The Group will continue to optimise the HKD-denominated borrowings based on its business needs.

The Group maintained sufficient cash balance. The management believes that the Group's financial resources and future revenue will be sufficient to support the current working capital requirements and future expansion of the Group.

Foreign Exchange Risks

During the year, most of the Group's revenue and operating costs were denominated in Renminbi. Except for the bank deposits and loans denominated in foreign currencies, the Group's operating cash flow or liquidity is not directly subject to any other material exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements to control its exposure to exchange rate fluctuations as at 31 December 2025. However, the Group will adopt necessary measures whenever appropriate to minimise the impact arising from exchange rate fluctuations.

Final Dividend

Taking into account the future plans, the financial position and cash flow position of the Company, the Board does not recommend the payment of any final dividend for the year ended 31 December 2025 (for the year ended 31 December 2024: nil).

Contingent Liabilities

Details of contingent liabilities are set out in note 37(b) to the consolidated financial statements.

Charge on Group's Assets

As at 31 December 2025, certain properties under development for sale and properties held-for-sale, certain investment properties, certain hotel buildings and the relevant right-of-use assets, and bank deposits of the Group, with total carrying amounts of approximately HK$5,692,888,000, HK$11,810,544,000, HK$618,127,000 and HK$92,049,000 (31 December 2024: certain properties under development for sale and properties held-for-sale, certain investment properties, certain hotel buildings and the relevant right-of-use assets, and bank deposits of the Group, with total carrying amounts of approximately HK$7,258,867,000, HK$10,008,751,000, HK$577,485,000 and HK$31,400,000) respectively, were pledged as collateral for the Group's bank borrowings, details of which are set out in note 28(i) to the consolidated financial statements.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2025, the Group employed 709 employees (including Hong Kong and PRC offices). The remuneration policies for the employees of the Group are determined according to the performance, qualification, experience and competence of the employees. The emoluments of the directors of the Company (the "**Directors**") are determined by the remuneration committee of the Company, having regard to the operating results of the Group, individual performance and comparable market statistics. Staff benefits include discretionary bonus payments which are linked to the profitability of the Group and individual performances and contributions to the Mandatory Provident Fund Schemes.

During the year ended 31 December 2025, the Group provided training programs relating to work to employees. Activities aiming at building up team spirit were regularly organised for employees, so as to enhance the human capital of the Group and the sense of belonging of the staff.

OUTLOOK

Looking ahead to 2026, with the inauguration of the 15th Five-Year Plan, the Government Work Report has prioritised building a robust domestic market, maintaining a domestic-demand-oriented approach, thoroughly implementing dedicated actions to uplift consumption, actively fostering consumption and expanding investment, by leveraging the gigantic market size of the PRC. In the property sector, the Central Government emphasised the focus on stabilising the property market and preventing debt default risks. Centered on objectives including "controlling increment, reducing inventory and optimising supply with city-specific policies", efforts will continue to optimise the supply of affordable housing and to advance "good housing" construction, proceed with a new property development model and foster the industry's steady development. As the property sector enters a new phase of high-quality development, coupled with the targeted implementation of major central government policies, market confidence is expected to further recover, industry fundamentals will continue to improve, and market vitality and development momentum will steadily strengthen, propelling the market onto a new trajectory of virtuous cycle and long-term stable growth.

For years, the Group has been deeply rooted in the property industry, consistently dedicated to creating warm, high-quality living environment for residents. Facing profound industry transformation, the Group will steadfastly uphold its mission of building "good housing and good communities". Through a prudent and progressive business approach, we will continue to develop premium projects to fulfill residents' aspirations for a better life. Meanwhile, the Group will closely follow national policy directions, seize opportunities for high-quality industry development, optimise the layout of investment properties, and drive asset upgrading and transformation with keen market insight. The Group maintains its strategic focus on Shanghai while expanding into other key first- and second-tier cities. We will further refine our business matrix, strengthen capital strength, ensure stable and orderly operations, continuously enhance operational resilience, and deliver long-term, stable returns for shareholders.

INVESTOR FAQ

Q

THE STATE HAS REPEATEDLY SENT POSITIVE SIGNALS TO SET THE TONE FOR THE DEVELOPMENT OF THE PROPERTY SECTOR. THE GOVERNMENT WORK REPORT HAS OUTLINED SPECIFIC PATHWAYS TO STABILISING THE PROPERTY MARKET, INCLUDING IMPLEMENTING CITY-SPECIFIC POLICIES TO CONTROL INCREMENTAL CONSTRUCTION, REDUCE INVENTORY, OPTIMISE SUPPLY, ACQUIRE EXISTING COMMODITY HOUSING FOR USE AS AFFORDABLE HOUSING, AND ACCELERATE THE RENOVATION OF DILAPIDATED HOUSING. HOW DOES THE GROUP PLAN TO CAPITALISE ON THESE POLICY BENEFITS?

A

The Group closely follows national policy directions, flexibly adjusting the pace of project development and sales, accurately seizing market opportunities, and continuously strengthening operational capabilities to ensure the steady and healthy development of all business operations. During the year, the Group's high-quality residential projects — Ocean Times in Shanghai, Summitopia in Tianjin and Qiyuan in Xi'an — were successfully delivered, with the delivery rate for Ocean Times reaching 100%. This not only established an industry benchmark for quality housing but also created ideal living environments for residents, fully demonstrating the Group's proactive response to the national strategic deployment to promote high-quality development in the property sector.

Q

THE CONCEPT OF "GOOD HOUSING" WAS INCLUDED FOR THE FIRST TIME IN THE GOVERNMENT WORK REPORT AT THE 2025 NATIONAL PEOPLE'S CONGRESS AND CHINESE PEOPLE'S POLITICAL CONSULTATIVE CONFERENCE. THE MINISTRY OF HOUSING AND URBAN-RURAL DEVELOPMENT IS CONCURRENTLY ADVANCING THE COMPILATION OF THE "GOOD HOUSING CONSTRUCTION GUIDELINES", WHILST LOCAL AUTHORITIES ARE ESTABLISHING "GOOD HOUSING" CONSTRUCTION STANDARDS TAILORED TO THEIR SPECIFIC CIRCUMSTANCES. HOW DOES THE GROUP PLAN TO POSITION ITSELF FOR THE RAPID DEVELOPMENT PHASE OF "GOOD HOUSING"?

A

Our Group is committed to transitioning from "delivering homes" to "delivering lifestyles", actively creating high-quality projects for residents. Our flagship project, Ocean Times in Shanghai, has been successfully selected as one of the first "Shanghai Good Housing" case studies thanks to its outstanding performance in spatial design, product quality and living experience. This drives high-quality development in the property sector and tangibly fulfills residents' aspirations for a better living environment. As China's housing construction transitions from "adequate housing for all" to "quality living for all", the Group will focus its efforts on building high-quality "good housing" that are safe, comfortable, green and smart, thereby showcasing the "beauty of the city and its people".

INVESTOR FAQ

Q

IN 2025, THE PROPERTY MARKET SHOWED SIGNS OF STABILISING AMIDST ADJUSTMENTS, WITH THE YEAR-ON-YEAR DECLINE IN SALES AMOUNT AND SALES AREA OF NEW COMMODITY HOUSING NARROWING. WHAT LAND ACQUISITION STRATEGY HAS THE GROUP ADOPTED? WHAT SPECIFIC PLANS ARE IN PLACE FOR REPLENISHING LAND RESOURCES IN THE FUTURE?

A

In response to the industry's trend of "reducing volume whilst improving quality", the Group adheres to a prudent and targeted land acquisition strategy, selecting the best opportunities and focusing on the in-depth development and value enhancement of existing land resources. Moving forward, the Group will continue to target the Shanghai metropolitan area, the Yangtze River Delta region and other core first- and second-tier cities, keeping a close eye on market trends and driving steady expansion amidst industry shifts through high-quality projects.

As at 31 December 2025, the Group's land bank comprised 27 projects across 10 key mainland cities. The majority of these consist of completed or under-construction mid-to-high-end residential and commercial properties, with a future planned gross floor area of approximately 3,232,000 square metres, sufficient to support development for the next three to five years.

Q

WITHIN THE GROUP'S BUSINESS PORTFOLIO, HOW IS THE DEVELOPMENT OF INVESTMENT PROPERTIES PROGRESSING? HOW WILL THE GROUP FURTHER DIVERSIFY ITS PROPERTY TYPES TO CREATE NEW GROWTH DRIVERS?

A

In line with its strategy of focusing on both leasing and sales, the Group actively expanded its residential leasing operations. Its U CHANGE brand in Shanghai has sharpened its competitive edge in the affordable leased apartment market with expanding product lines. U CHANGE Xin community, U CHANGE Hui community and U CHANGE Neo community, being the Group's long-term residential leasing projects, have maintained an average occupancy rate of 98%, generating steady rental income for the Group.

Further, the Group continued to deepen its involvement in the commercial property sector, with results becoming apparent during the year. On the one hand, the renovation and upgrade of Holiday Inn Express Wuxi Taihu, the first urban micro-renewal project, was completed. On the other hand, OPARTMENT boutique hotel apartment brand has been included in TODTOWN, bringing in new growth momentum to the Group's commercial properties segment. In addition, the steady operation of ShanghaiMart — integrating exhibition halls, trade marts and office space — is expected to continue to provide reliable income for the Group.

Q

WITH THE PROPERTY MARKET STILL UNDERGOING A PERIOD OF DEEP ADJUSTMENT, WHAT MEASURES WILL THE GROUP TAKE TO CONSOLIDATE ITS FINANCIAL FUNDAMENTALS AND STABILITY?

A

The Group adheres to a prudent capital management strategy, striving to reduce borrowing costs and optimise its capital structure to ensure continued financial stability. During the year, Shanghai Urban Development (Holdings) Co., Ltd. successfully issued the 2025 corporate bonds Phase I & Phase II with a principal amount not exceeding RMB1,900,000,000 to professional institutional investors. The issuance not only enables considerable financial cost saving for the Group, but also demonstrates capital market's confidence and recognition of the Group's continuous enhancement in its overall capabilities and brand image.

Furthermore, the Group will focus on accelerating sales collection, enhancing asset turnover efficiency, and controlling finance costs to strengthen operating cash flow across multiple dimensions. Through refined management of major projects, optimisation of resources deployment and highly-effective cost control, the Group will achieve dual breakthroughs in revenue growth and cost reduction.

Q

2026 MARKS BOTH THE INAUGURAL YEAR OF THE 15TH FIVE-YEAR PLAN AND A PIVOTAL JUNCTURE AS THE INDUSTRY TRANSITIONS TO A NEW DEVELOPMENT MODEL. WHAT ARE THE GROUP'S OUTLOOKS FOR MARKET DEVELOPMENT IN THE COMING YEAR?

A

As a pillar industry of the national economy, the property sector not only drives macroeconomic growth but is also directly linked to people's livelihoods and social stability. With the Government Work Report emphasising the need to "focus on stabilising the property market", prioritising the optimisation of supply, the construction of "good housing", the prevention of debt default risks, and the in-depth advancement of developing foundational systems and supporting policies for the new property development models, it is anticipated that, driven by policy support and the gradual recovery of the market, the property market will maintain a stable development trend and move towards high-quality development.

The Group will closely follow national strategic directions and market dynamics, flexibly optimising project deployment and operational strategies amidst industry transformation. We remain steadfast in our mission to build "good housing and good communities", driving the achievement of a higher standard of "adequate housing for all", and actively meeting development needs that prioritise people's livelihoods.

DETAILS OF PROPERTIES — LAND BANK

Artist Impression — West Diaoyutai • Emperor Seal

As at 31 December 2025

Project	City	Site area (sq.m.)	Planned G.F.A. (sq.m.)	Saleable/ Self-owned G.F.A. (sq.m.)	2025 pre-sold G.F.A. (as of 31 December) (sq.m.)	Accumulated G.F.A. sold (sq.m.)	Future saleable/ self-owned G.F.A. (sq.m.)	Saleable/ Self-owned G.F.A. under construction (sq.m.)	Saleable/ Self-owned G.F.A. for future development (sq.m.)	Expected Completion Date	Ownership (%)
Urban Cradle	Shanghai	943,000	1,226,298	909,054	4,741	826,844	82,210	–	–	Completed	53.1%
Shanghai Youth City	Shanghai	57,944	212,130	166,261	–	139,840	26,421	–	–	Completed	100.0%
Shanghai Jing City	Shanghai	301,908	772,885	609,488	166	601,882	7,606	–	–	Completed	59.0%
TODTOWN	Shanghai	117,825	605,000	385,300	6,718	91,670	293,630	56,175	111,975	Complete by phase from 2020 to 2030	20.7%
Contemporary Splendour Villa • Courtyard Villa	Shanghai	120,512	191,636	68,404	884	68,170	234	–	–	Completed	100.0%
Uplaza Xinhonghui	Shanghai	89,432	289,271	227,218	–	150,294	76,924	–	–	Completed	90.0%
Shangtou Baoxu	Shanghai	118,880	306,167	234,653	–	234,004	649	–	–	Completed	71.3%
Uplaza Meilong Lane	Shanghai	20,572	60,195	60,195	–	9,020	51,175	–	–	Completed	80.0%
U Change Hui Community	Shanghai	17,161	44,927	44,927	–	–	44,927	–	–	Completed	59.0%
U Change Xin Community	Shanghai	47,435	126,702	126,702	–	–	126,702	–	–	Completed	29.5%
U Change Neo Community	Shanghai	47,383	115,799	115,799	–	–	115,799	–	–	Completed	59.0%
Guilin Road Aerospace Project	Shanghai	91,160	590,165	590,165	–	–	590,165	590,165	–	Complete from 2025 to 2026	21.2%
Cloud Vision	Shanghai	30,052	65,085	41,938	128	39,800	2,138	–	–	Completed	59.0%
Ocean One	Shanghai	41,961	156,533	97,422	15,702	93,258	4,164	–	–	Completed	47.2%
Ocean Times	Shanghai	119,545	439,971	251,786	10,517	19,370	232,416	115,853	110,531	Complete from 2025 to 2026	80.0%
Youngman Point	Beijing	112,700	348,664	295,114	–	258,814	36,300	–	–	Completed	100.0%
West Diaoyutai • Emperor Seal	Beijing	42,541	250,930	228,070	346	220,849	7,221	–	–	Completed	100.0%
Laochengxiang	Tianjin	244,252	752,883	613,357	–	582,619	30,738	–	–	Completed	100.0%
Summitopia	Tianjin	42,146	118,094	118,094	5,934	92,238	25,856	1,600	–	Completed	100.0%
Urban Development Int'l Center	Wuxi	24,041	193,368	144,581	–	43,564	101,017	–	–	Completed	59.0%
Originally	Xi'an	2,101,967	3,899,867	3,202,324	1,784	2,816,957	385,367	5,085	137,741	Complete by phase from 2008 to 2029	100.0%
Qiyuan	Xi'an	51,208	102,418	102,418	26,019	49,682	52,736	102,418	–	Complete from 2024 to 2027	100.0%
Shenyang U Center	Shenyang	22,651	228,768	175,377	–	71,660	103,717	–	–	Completed	100.0%
Top City	Chongqing	120,014	786,233	729,785	–	376,424	353,361	–	–	Completed	100.0%
China Phoenix Tower	Shenzhen	11,038	106,190	79,391	–	78,343	1,048	–	–	Completed	91.0%
Felicity Mansion	Yantai	77,681	159,100	154,300	17,539	82,081	72,219	82,597	–	Complete from 2022 to 2026	100.0%
Xiang Kai Chang Long	Wuhan	257,600	452,000	437,053	172	29,626	407,427	56,545	314,568	Complete by phase from 2024 to 2027	28.9%
Total		**5,272,609**	**12,601,279**	**10,209,176**	**90,650**	**6,977,009**	**3,232,167**	**1,010,438**	**674,815**		

ShanghaiMart

MAJOR INVESTMENT PROPERTIES

Project	City	Property Category	Lease Term	Planned G.F.A. (sq.m.)
Shanghai Youth City	Shanghai	Commercial[5]	Medium-term lease	17,665[1]
Block A of Urban Cradle	Shanghai	Commercial[5], office	Medium-term lease	57,286[1]
ShanghaiMart[2]	Shanghai	Exhibition hall, trade mart, office and parking lot	Medium-term lease	284,651
Urban Development Int'l Tower[3]	Shanghai	Office, parking lot	Medium-term lease	45,239
YOYO Tower[4]	Shanghai	Commercial[5]	Medium-term lease	13,839
U Change Hui Community	Shanghai	Commercial, affordable rental housing	Medium-term lease	44,927[1]
U Change Xin Community	Shanghai	Commercial, affordable rental housing	Medium-term lease	126,702[1]
U Change Neo Community	Shanghai	Commercial, affordable rental housing	Medium-term lease	112,639[1]
Uplaza Xinhonghui	Shanghai	Commercial	Medium-term lease	10,157[1]
Uplaza Meilong Lane	Shanghai	Commercial, office	Medium-term lease	25,430[1]
Laochengxiang	Tianjin	Commercial, hotel	Medium-term lease	30,738[1]
Top City	Chongqing	Commercial[5], office, parking lot	Medium-term lease	317,405[1]
China Phoenix Tower	Shenzhen	Office	Medium-term lease	1,048[1]
Youngman Point	Beijing	Commercial[5], office	Medium-term lease	24,931[1]
Shenyang U Center	Shenyang	Commercial[5], office	Medium-term lease	100,446[1]
Originally	Xi'an	Commercial[5], hotel	Medium-term lease	95,663
Others	Shanghai, Beijing	Commercial, office and parking lot	Medium-term lease	19,706
Total				**1,328,472**

Notes:
1. Included in Page 20 of this annual report
2. Address: Yan'an West Road No. 2299 of Changning District, Shanghai
3. Address: Hongqiao Road No. 355 of Xuhui District, Shanghai
4. Address: Tianyaoqiao Road No.123 of Xuhui District, Shanghai
5. Mainly includes shopping malls

INTRODUCTION OF KEY PROJECTS IN CHINA

/ SHENYANG
- Shenyang U Center

/ BEIJING
- Youngman Point
- West Diaoyutai • Emperor Seal

/ TIANJIN
- Laochengxiang
- Summitopia

/ WUXI
- Urban Development International Center

/ SHANGHAI
- Urban Cradle
- TODTOWN
- Shanghai Jing City
- Shanghai Youth City
- Contemporary Splendour Villa
  - Courtyard Villa
- Uplaza Xinhonghui
- Shangtou Baoxu
- Uplaza Meilong Lane
- U Change Hui Community
- U Change Xin Community
- U Change Neo Community
- Guilin Road Aerospace Project
- Cloud Vision
- Ocean One
- Ocean Times

/ SHENZHEN
- China Phoenix Tower

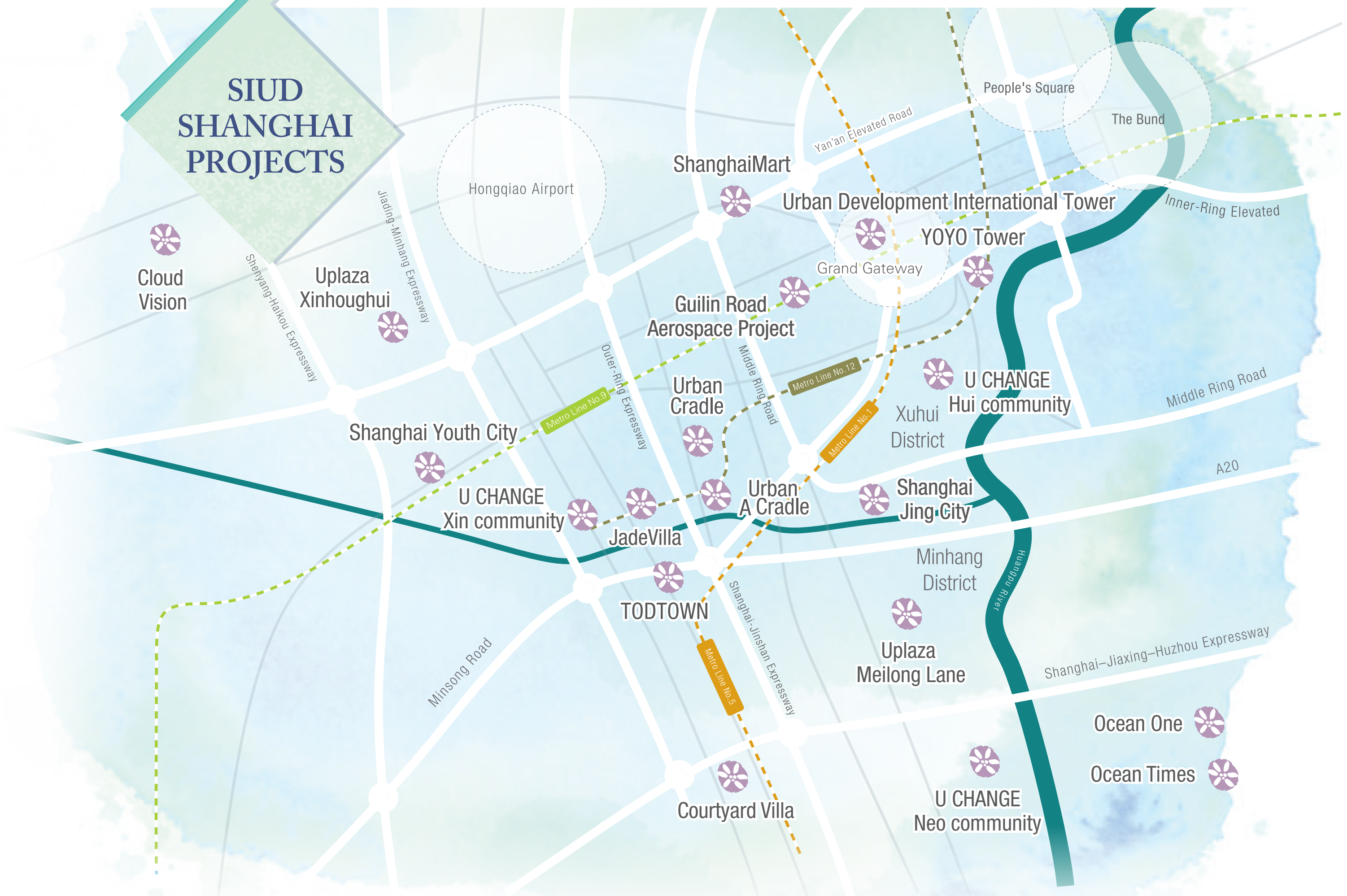
/ CHONGQING
- Top City

/ XI'AN
- Originally
- Qiyuan

/ YANTAI
- Felicity Mansion

/ WUHAN
- Xiang Kai Chang Long

INTRODUCTION OF KEY PROJECTS IN CHINA



SHANGHAI
URBAN CRADLE

Address:
588 Gulong Road,
Minhang District, Shanghai

Category:
Residence/
Commerce

Feature:

The project is located in Gumei, Minhang District, Shanghai, west of Lianhua Road, east of Hechuan Road, north of Gudai Road and south of Pingnan Road, less than 700 meters from the middle ring line. The area is a major focal point for large scale residential development in the “10th Five-Year Plan” of Shanghai. The project spans a total site area of about 943,000 sq.m. with a total G.F.A. of about 1.3 million sq.m., including about 770,000 sq.m. of residences, nearly 400,000 sq.m. of underground space and more than 100,000 sq.m. for accommodating amenities for the estimated over 20,000 residents. Urban Cradle is an all-engulfing showcase of architectural forms and brilliant products including international-grade apartments, standalone villas, garden houses, deluxe mansions, modern commercial premises and green landscapes, bringing comfortable and stylish living together with commerce, entertainment, culture, education, and business and leisure pursuits.

INTRODUCTION OF KEY PROJECTS IN CHINA

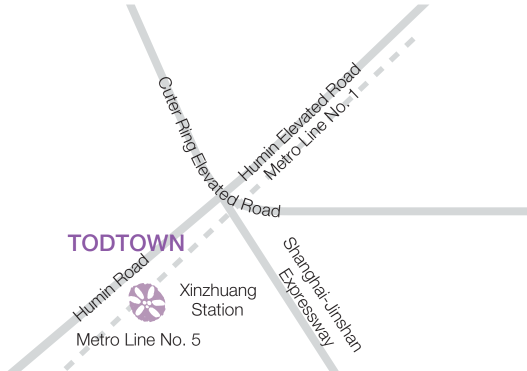
SHANGHAI

TODTOWN

Address:
Xinzhuang Town,
Minhang District, Shanghai

Category:
Residence/Commerce/
Hotel/Office/
Apartment office

Artist Impression



Feature:

Located at the southern and northern squares of the Xinzhuang Station, the secondary city center of Shanghai, with Guangtong Road on its north, West Meilong Road on its east and Xinzhu Road and Dushi Road on its south, TODTOWN will be served by an overpass bridge conveniently linking Shuiqing Road at the northern square and Dushi Road at the southern square.

As one of the most advanced TOD (Transit-Oriented Development) projects in Shanghai, TODTOWN covers a total site area of approximately 118,000 sq.m. with a total G.F.A. of 605,000 sq.m., of which 100,000 sq.m. is transport-related. Upon completion, TODTOWN will be connected to Metro Line Nos. 1 and 5, Shanghai-Hangzhou High-Speed Railway and numerous public bus routes, as well as the station to be established for the Jinshan sub-line. Different modes of transport operated by different departments, such as metro lines, public buses and commuter rail services, will be blended into the project to achieve seamless and convenient transition. TODTOWN will be a “city in the sky” encompassing residential, commercial and leisure functions. As a complex equipped with comprehensive systems and facilities, TODTOWN will offer 50,000 sq.m. of offices, 140,000 sq.m. of shopping mall, 20,000 sq.m. of hotel, 90,000 sq.m. of residential units, 85,000 sq.m. of serviced apartments and 20,000 sq.m. of ancillary public facilities.

SHANGHAI
U CHANGE XIN COMMUNITY

Address:
Lane 555, Xiulian Road,
Minhang District, Shanghai

Category:
Affordable rental housing

Feature:

Codeveloped by SIUD and Xinzhuang Town in Minhang District, the community is among the first recognised talent apartments in the area. It is located in the Xinzhuang Commercial District, just 400 meters from Qixing Road Station, the terminal of Metro Line No. 12. With a total G.F.A. of approximately 186,000 sq.m., including 115,000 sq.m. of housing, the rental community combines apartments, green spaces and commercial facilities. The U CHANGE Xin community was designed around the needs and lifestyles of young people, featuring a comfortable and rational layout and clearly defined functional areas that enhance the living experience through safety, comfort, sustainability, smart technologies and well-planned environments. By providing a sustainable and diverse range of spaces — including an integrated sports center, U BOX art space, and pet-friendly garden — and hosting IP-themed campaigns, the community has built a comprehensive platform for communication, showcasing and exchange among young talents, while delivering one-stop services.

INTRODUCTION OF KEY PROJECTS IN CHINA

SHANGHAI
U CHANGE HUI COMMUNITY

Address:
Lane 777, Longchuan North Road, Xuhui District, Shanghai

Category:
Affordable rental housing

Feature:

The community is one of the first large-scale R4 affordable rental housing projects in Shanghai and a key initiative under Xuhui District's "Talent Hub Strategy." It has been awarded the honorary title of "Talent Apartments" at both municipal and district levels. Located in the Shanghai South Station area of Xuhui District and served by three metro lines (Nos. 1, 3 and 15), it has a total G.F.A. of approximately 66,000 sq.m., including 43,000 sq.m. of housing. Designed to provide a sophisticated, comfortable and high-quality residence for dream seekers, the U CHANGE Hui community emphasises diversified interactions and vibrant creativity. It offers flexible spaces and the potential for stacked site usage to accommodate a variety of community activities and new interactive living styles. With its focus on offering a welcoming home and strong support for talents, the community contributes to strengthening Xuhui's role as a talent hub by building a youth-friendly environment through its youth center platform and enhanced service quality.

SHANGHAI
U CHANGE NEO COMMUNITY

Address:
No. 1–34, Lane 150, Dongchuan Road, Minhang District, Shanghai

Category:
Affordable rental housing

Feature:

Situated in the "Greater Neo Bay" area of Wujing Town, Minhang District, this project spans a G.F.A. of approximately 170,000 sq.m., with 109,000 sq.m. dedicated to residential spaces. The community includes the "New Era Home for Urban Builders and Managers," providing 152 bedspaces. Bordered by Pujiang First Bay to the east, Jiangjia Port Landscape River Channel to the north, and Lanxiang Lake — known as the "First Lake in Minhang"—to the south, the U CHANGE Neo community promotes a low-carbon, sustainable and green lifestyle, fostering a serene and relaxing living environment. Rooted in the concept of diverse residences, vibrant city blocks and an inclusive urban vision, the residential buildings feature varied architectural designs to support diverse lifestyles and residents. The community offers a youth innovation and entrepreneurship hub, a U CHANGE brand museum with an integrated service platform, and various scenic landscape zones, including the Super Moon Lawn, Core Greenbelt and Pet Garden, complementing the development of Greater Neo Bay. Committed to fostering collaboration across the site, school district and community, U CHANGE Neo establishes a smart community center, cultivating a dynamic environment that emphasises creativity, focus, and collaboration.

SHANGHAI

CONTEMPORARY SPLENDOUR VILLA • COURTYARD VILLA

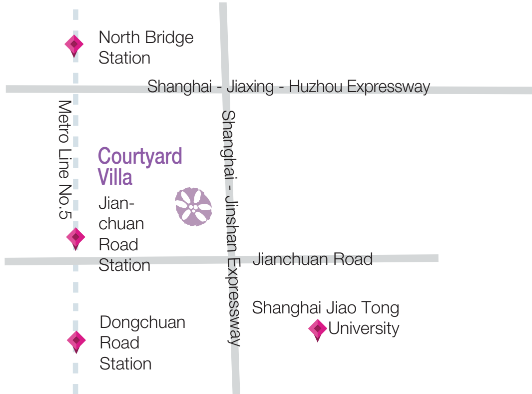
Address:
Minhang District,
Shanghai

Category:
Residence


Artist Impression

Feature:

Contemporary Splendour Villa • Courtyard Villa is situated in Zhuanqiao Town, Minhang District, Shanghai, with Shanghai-Jinshan Expressway (S4) in the east and Dushi Road in the west. It connects the branch of Wujing-Minhang Railway in the south and adjoins Denghui Road in the north. The project enjoys good traffic conditions and cultural environment as the straight-line distance is approximately 1.1 km from the west side of the project to Jianchuan Road Station of rail transit line #5 and approximately 1.8 km from the east side of the project to rail transit line #15 (under construction) with Shanghai Jiao Tong University and Minhang Campus of East China Normal University on the south. The project covers a site area of 12.05 hectares and the land's plot ratio is 0.6. It is planned to be a low-density residential community with the building height of not more than 10 meters. The aboveground total G.F.A. of the project is approximately 72,300 sq.m., and the plot's ratio of green space is more than 35% and the ratio of concentrated green space is above 15%. The project is planned to be built into premium low-density villas.



SHANGHAI

SHANGHAIMART

Address:
2299 Yan'an West Road,
Shanghai

Category:
Exhibition/
Commerce/Office

Feature:

Located in the emerging Shanghai Hongqiao Economic and Technological Development Zone, ShanghaiMart is uniquely positioned with Gubei Road and Hongqiao Road on its west, Yan'an Road on its south as well as the Hongqiao consulate area on its north. Situated next to the Inner Ring Line and the exit of an elevated road, ShanghaiMart is only a 10-minute drive to the "Hongqiao Comprehensive Transportation Hub", which is a convenient transport network assembling numerous transportation routes, including inter-city high speed railway, maglev trains, metro lines, airport and city buses.

With a total G.F.A. of 285,000 sq.m., ShanghaiMart comprises three main buildings: the Mart, Expo and Tower. As a super trading market integrating exhibition, trading, office and information functions, ShanghaiMart offers excellent world-class facilities and services to domestic and international merchants and professional buyers.

INTRODUCTION OF KEY PROJECTS IN CHINA

SHANGHAI

SHANGHAI JING CITY (INCLUDING"晶秀坊")

Address:
Lane 136,
Xiujing Road, Shanghai

Category:
Residence/
Commerce

Feature:

Situated in Meilong Town, Minhang District, the Shanghai Jing City project is an affordable housing project approved by Shanghai Bureau of Housing Security and Housing Administration and was listed as a large scale indemnificatory housing project on the list of major construction projects of Shanghai in 2009, occupying a total site area of about 302,000 sq.m. and a total G.F.A. of 773,000 sq.m. The project is mainly composed of four parts: public rental housing, economically affordable housing, resettlement housing for demolition and relocation purposes as well as ancillary operational housing. In particular, "晶秀坊" was incorporated into the eighth batch of economically affordable housing by the municipal government in 2020. "晶秀坊" has a site area of approximately 15,000 sq.m. and a total G.F.A. of 54,000 sq.m..

Shanghai Jing City will be equipped with two kindergartens, one primary school and one junior secondary school, fully covering the nine-year compulsory education of a child. The project will be supported by three commercial facilities, a community affairs center, a medical center, a sports center and a public transport hub, which can completely satisfy the basic living, cultural and entertainment needs of the local residents.

SHANGHAI

UPLAZA MEILONG LANE

Address:
Hongmei South Road
(near Mei South Road),
Minhang District, Shanghai

Category:
Commerce/
Office

Feature:

Situated west to Hongmei South Road, north to the planned Mei South Road, east to the boundary of the planned site and south to the boundary of the planned site, the project encompasses office and commercial functions with a site area of approximately 20,000 sq.m. and a total G.F.A. of approximately 60,000 sq.m. Occupying the heart of Meilong Town, Minhang District, which is the redevelopment area in Meilong Town, the project will play a forward-looking, leading and representative role with certain potentials in the region.

The project is a commercial and office complex composed of six buildings and connecting corridors. In the future, the commercial portion will be built into a social experience space under the theme of "sporty, healthy and delicate lifestyle". Made up of standalone buildings with high privacy as well as highly integrative standard offices, the office portion will be linked organically to the commercial portion by making use of an uneven design and connecting corridors. The project is targeted to mid to high end enterprises and will form a unique commercial and office area in the region.

SHANGHAI
GUILIN ROAD AEROSPACE PROJECT

Address:
402 Guilin Road,
Xuhui District, Shanghai

Category:
Scientific research and design/ Residential leasing


Artist Impression

Feature:

The project is located in the Caohejing New Technology Development Zone with Guilin Road in the east, Cangwu Road in the west, Yishan Road in the south and Qinjiang Road in the north. It is connected to Metro Line Nos. 9 and 15 in close proximity to the inner and central rings and Humin Elevated Road, making it a significant industrial project in Shanghai as well as Xuhui District. Covering a total site area of approximately 91,000 sq.m. with a total G.F.A. of approximately 600,000 sq.m. and an aboveground capacity building area of approximately 350,000 sq.m., the project will involve scientific research and design, auxiliary facilities as well as residential leasing. With an open-ended general layout, premium buildings, high-quality lifestyle and scientific research facilities, the future aerospace science and technology city project will help empower the city and enhance regional value.

SHANGHAI
UPLAZA XINHOUGHUI

Address:
2299 Yan'an West Road, Shanghai

Category:
Exhibition/ Commerce/Office


Artist Impression

Feature:

Uplaza Xinhoughui project covers a site area of approximately 205 hectares (including roads, river channels and green areas) with Shanghai-Hangzhou Railway to the east, Songze Elevated Road to the south, Xiaolai Port to the west and the border of Hongxing Village to the north.

There are totally two developable land plots in the project site, which are planned to be used for residential clusters (Category III) and commercial services, respectively.

The land plot for residential clusters has a site area of approximately 69,000 sq.m. It is a planned residential site to be used for the construction of resettlement housing for demolition and relocation purposes. With a land plot ratio of 2.15, it is expected to provide a capacity building area of approximately 149,000 sq.m.

The land plot for commercial services has a site area of approximately 19,000 sq.m. It is planned for commercial service purpose. With a land plot ratio of 2.5, it is expected to provide a capacity building area of approximately 49,000 sq.m. Different types of buildings will be constructed on the land plot in the future, including a brand hotel, standalone commercial villas and self-owned commercial buildings.

SHANGHAI
CLOUD VISION

Address:
Lot no. 21-08 located in the north of Huateng Road, Qingpu District, Shangha

Category:
Residence

Artist Impression

Feature:

The project is situated in Huaxin Town, Qingpu District, Shanghai between the outer ring and suburban ring. The land plot is located west of Dahong Bridge, about 10 km to the Hongqiao Central Business District and 5 km to the tentative station of the west extension section of Metro Line No. 13, with Xinyi South Road to its east, Huateng Road to its south, Xinfeng North Road to its west and a land parcel under planning to its north.

The project covers a total site area of 30,051.5 sq.m. This low-density high-quality pure residential project in Huaxin Town, Qingpu District will comprise totally 11 buildings, including three 7-storey buildings and eight 8-storey buildings, offering about 463 apartments in total. The project adopts an expansive curvilineal layout instead of a typical barrack-style layout to provide uninterrupted magnificent views and multi-level enjoyment. Coupled with rarely seen extra wide spacing between buildings, the project is set to become a green ecological community. This project will be one of the most potential projects surrounding Dahong Bridge in future interactive living styles. With its focus on offering a welcoming home and strong support for talents, the community contributes to strengthening Xuhui's role as a talent hub by building a youth-friendly environment through its youth center platform and enhanced service quality.

SHANGHAI
OCEAN ONE

Address:
Lot no. A03-02 located in Unit PDCI-0103, Lingang New Area, the Shanghai Free Trade Zone

Category:
Residence


Artist Impression

Feature:

Located at the 105 Financial Hub in Lingang Modern Service Open Area, Pudong New District, Shanghai, the project is mainly skirted by the international community, technological innovation community, family community and technological innovation community from south to north. The land lot is located in the international community with a land parcel under planning to its east, Anmao Road to its south, greenbelt to its west and Luoshenhua Road to its north.

The project covers a total site area of approximately 42,000 sq.m. with a height limit of 50 meters. The total G.F.A. is approximately 157,000 sq.m. Embracing the design concept of Lingang New Area, the project aims at building a high-quality community ideal for living and working in order to facilitate the development of Lingang and satisfy future urban planning needs. The project is planned to comprise an affordable housing building, 14 commodity housing buildings, a high-rise building with 13 to 16 storeys and a building for community ancillary facilities, providing approximately 1,009 apartments (inclusive of affordable housing). The varying construction layout of the project is both flexible and innovative. The project will adopt a classical architectural style characterised by the features of a high-quality community.

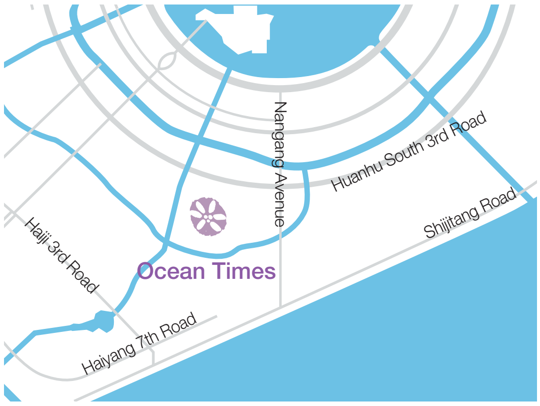
INTRODUCTION OF KEY PROJECTS IN CHINA

SHANGHAI
OCEAN TIMES

Address:
The cluster project on lot nos. J10–02, J09–01, J10–01, J11–01, J12–01, J13–01 located in Unit PDCI-0401, Lingang New Area, the Shanghai Free Trade Zone

Category:
Residence/ Commerce


Artist Impression



Feature:

Located at the 103 International Innovation and Collaboration Zone in Lingang Modern Service Open Area, Pudong New District, Shanghai, the project is positioned as a cradle of globally leading science. Situated in a community of top-notch scientists, Ocean Times is an international hub for world-class technological institutions and outstanding talents, with Nangang Avenue to its east, Haiyang 7th Road to its south, Haiji Road to its west and Meirenjiao Road to its north.

Covering a total site area of approximately 120,000 sq.m. with a total G.F.A. of about 440,000 sq.m. and a total residential area of about 265,300 sq.m., the project is bounded by an ecological park, the Chifenggang Wetland Center, in the east and the sea in the south. We aim at creating an energetic and superb ecological landscape and open area by adopting a classical architectural style to highlight the features of a premium coastal city. The city's skyline will be blended delicately with the sea arc to form a beautiful urban elevation with a focus on the harmonious unity of the architecture, urban space and natural environment. On lot no. 10 under phase I of the project, we plan to build a small high-rise affordable housing building with nine storeys, five high-rise commodity housing buildings with 16 to 18 storeys as well as commercial ancillary facilities for internal use on a parcel of land.

YANTAI
FELICITY MANSION

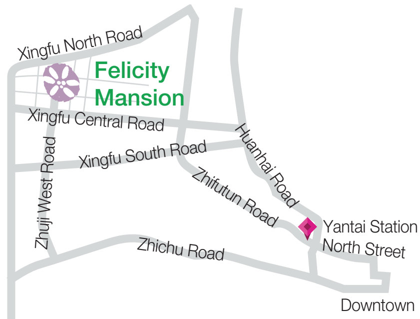
Address:
Southwest to the intersection of Fuyuan Road and Xingfu 12 Village East Street, Zhifu District, Yantai

Category:
Residence/
Residence/Commerce

Artist Impression

Feature:

Located east to Zhuji West Road, north to Fuyuan South Road, south to Fuyuan Road and west to Guihua Road, the project encompasses residential and commercial functions and certain ancillary public service facilities with a site area of approximately 77,000 sq.m. and a total G.F.A. of approximately 159,000 sq.m. The project is situated in the core area of Xingfu New Town in close proximity to the central business district of the town, with the shoreline just 1.5 km away in the north. According to the general plan of the new town, the project will be surrounded with abundant commercial, educational, medical, transport and scenic resources in the future. Enjoying a significant second-mover advantage, the project has immense growth potential.



Positioned as a residential product targeted at upgraders, the project mainly offers three- to four-room apartments with attractive decoration. The project plans to provide steward property services, nature-themed scenery and smart community management to create a high-quality living environment integrated with dignity, ecology and technology.

INTRODUCTION OF KEY PROJECTS IN CHINA

WUHAN
XIANG KAI CHANG LONG

Address:
Intersection of Chaibo Avenue and Jintai Road, Heart of Yangluo, Wuhan

Category:
Residence/ Commerce


Artist Impression

Feature:

The project site is situated in the core area of the Heart of Yangluo in the Yangtze River New Area. The project will be surrounded by abundant ancillary facilities, such as commerce, education, landscape, transportation and medical care, in the future, which will empower it with significant advantages and immense potential for development.

Equipped with both residential and commercial functions, the project site is located south to Chaibo Avenue (facing the commercial zone of the Wanda Cultural Tourism City), east to Jintai Road (facing a school site), north to a public primary school site and west to Jinglu Road, with a total planned G.F.A. of approximately 450,000 sq.m..

Posed as a high-end residential product, the project aims to provide a high-end, high-quality liveable environment for the residents by virtue of its proximity to a prestigious school, forward-looking product planning and an extra high efficiency ratio.

BEIJING
WEST DIAOYUTAI • EMPEROR SEAL

Address:
No. 1 and No. 2 Section, West Diaoyutai Village, Haidian District, Beijing

Category:
Residence


Artist Impression

Feature:

Located in the west third ring, on the east and north side of Kunyu River and west to the 137-hectare Yuyuantan Park, the project enjoys a 67-hectare expanse of magnificent aquatic scenes, the largest in Beijing where water is a scarce resource, giving it uniqueness and a touch of supremacy. The project has deluxe apartments with river views as its core products aiming to appeal to the affluent on the high-end. The project has three phases. Phases I and II have been completed and sold out, while phase III has almost been sold out.

TIANJIN
SUMMITOPIA

Address:
Southeast to the intersection of the planned Jinsuo South Road and Shaoshan Road, Hedong District, Tianjin

Category:
Residence/ Commerce


Artist Impression

Feature:

Located west to Hongxing Road, north to Chenglin Road, east to Xinkuo Road and south to Weiguo Road, the project has a site area of approximately 42,000 sq.m. and a total G.F.A. of approximately 175,000 sq.m. (including green areas). The project encompasses residential and commercial functions and certain ancillary public service facilities. The residential function occupies a site area of approximately 116,000 sq.m. at a plot ratio of ≤2.9, while the commercial function occupies a site area of approximately 2,500 sq.m.

As a highly customised aesthetic community dedicated in regional, product and lifestyle revival, the project will offer superb and innovative residential products. Featuring a hotel-style lobby, a multi-functional mocha living room, nature-themed landscape and intelligent community management, the project aims to create a premium liveable environment by combining ecology with technology. Poised to be a real regionally leading project, it will be a key driver for the growth of Hedong District, Tianjin.

SHENYANG
SHENYANG U CENTER

Address:
South Taiyuan Street, Heping District, Shenyang

Category:
Commerce/Office/ Serviced Apartment


Artist Impression

Feature:

The project is located in the most prosperous business district downtown Shenyang — Taiyuan Street, with Zhonghua Road to its north, Minzhu Road to its south, South Taiyuan Street to its west and South Tianjin Street to its east. The region has a profound history and an extensive commercial network covering Northeast Asia. Covering a total G.F.A. of 230,000 sq.m., the U Center comprises high-end offices, SOHO, boutique apartments and open commercial blocks with an integration of cultural and creative industries, food and beverage, leisure, entertainment, offices and luxurious apartments, making it an icon of the city.

WUXI
URBAN DEVELOPMENT INTERNATIONAL CENTER

Address:
Intersection of Yinxiu Road and Taihu Avenue, Binhu District, Wuxi, Jiangsu

Category:
Commerce/Hotel/Office/Serviced apartment

Feature:

The project is an icon at the heart of the Liyuan Economic Development Zone, the new axis of Wuxi. It is only 5 km from the center of the city with Lihu Lake Scenic Spot, Lihu Central Park and Bogong Island in its vicinity to enjoy. The area is well developed, equipped with all essential facilities and convenient transportation choices. The integrated complex comprises an international five-star hotel, serviced apartments, a 5A-grade office building and a commercial center.

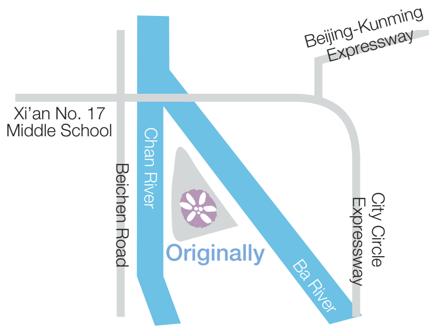
XI'AN
ORIGINALLY

Address:
East to Chan River, Chanba Avenue, Chanba Ecotope, Xi'an

Category:
Residence/Commerce/Hotel

Feature:

In the heart of Xi'an Chanba Ecotope, the project lies where the Chan River and Ba River meet. The project with more than 2 million sq.m. in terms of site area is the largest eco-district in northwest China. The area has been well planned and is developing rapidly, enjoying convenient access to road networks and public transports including Metro Line No. 3 which will soon commence operation.



It is the home of the Euro-Asia Economic Forum as well as the Guangyuntan national wetland park and was where the 2011 International Horticultural Exposition took place, asserting its significance in the development of Xi'an. The project has 12 land parcels in the plan to cater to diverse functions and related necessary facilities completed or soon to be completed to meet community business requirements and educational, medical and shopping needs.

XI'AN
QIYUAN

Address:
Intersection of Qiyuan 1st Road and Shangchun North Road, Xi'an
(west of Chanba Tenth School)

Category:
Residence

Feature:

Located at the intersection of Qiyuan 1st Road and Shangchun North Road, the project occupies the core area of the "three-axis, three-belt" development plan of Xi'an. The project enjoys the triple benefits brought by Chanba Ecotope, the International Trade & Logistics Park and the economic development and political affairs area. Situated only 800 meters to Ba River, the project is embraced in a green and natural environment while being served by comprehensive international ancillary facilities, making it a low-density high-end residential project around Weiyang Lake.

The project covers a total site area of approximately 51,000 sq.m., providing a G.F.A. of about 102,000 sq.m. The project is planned to comprise 15 residential buildings (eight high-rise apartments and seven low-rise apartments), offering 594 apartments in total. With a greening ratio of 35% and a plot ratio of 2.0, the project is available in various layouts and sizes, i.e. 143 sq.m. for small high-rise apartments and 190 sq.m. (flats), 300 sq.m. (top duplex apartments) and 190 sq.m. (bottom duplex apartments) for low-rise apartments. The project is built with metal aluminum plates and masonry paint, with low-emissivity glasses used in the exterior façade of the buildings to create a fashionable and lightly luxurious feeling. Coupled with supreme ecological resources, this project is destined to provide you with a comfortable and pleasant lifestyle.

INVESTOR RELATIONS REPORT

SUMMARY

SIUD maintained close communication with the capital market and good relationship with investors so that shareholders were accurately informed of the operational conditions and financial performance of the Company in due course.

COMMUNICATION STRATEGY

SIUD maintains close communication with investors and analysts through the corporate communications department. Regular meetings, conference calls and general meetings are organised to keep investors and analysts abreast of the development strategies and latest news of the Company and allow them to share their views on the prospects of the property market in China as well as the capital market in Hong Kong in order to bolster the mid- and long-term stable development strategy of the Group.

The Company appreciates and values the support and trust bestowed by shareholders. To further strengthen its relationship with existing and potential investors, the Company will focus on the following aspects in the future:

1. Create value for shareholders;

2. Devise development strategies and operate the Company's business on the basis of meeting the values and expectation of shareholders; and

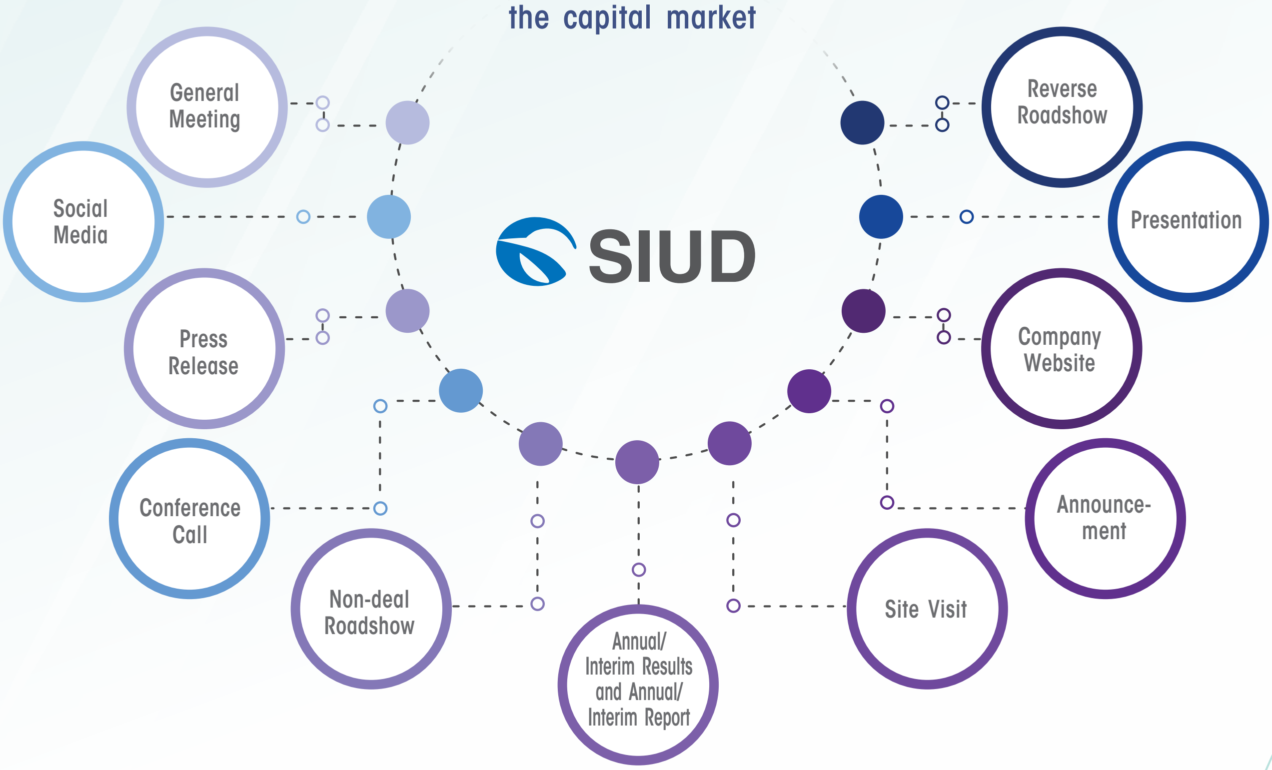
3. Review business decisions in a manner responsible to shareholders, maintain close and effective communication with shareholders with openness and sincerity, and disclose and explain relevant decisions in a timely manner.

CHANNELS AND METHODS

In 2025, SIUD disseminated information to the capital market through multiple channels, including annual reports, interim reports, press releases and announcements. All these information was available on the Company's website. The corporate communications department also shared the announcements and press releases with investors via email, WeChat official account and other ways in due course, and proactively responded to relevant inquiries and provided guidance.

Dedicated management members are assigned to closely communicate with financial market participants such as investors and analysts to keep them abreast of the Company's strategies and latest developments and exchange views on the outlook of the property market in Mainland China as well as the capital market in Hong Kong through means such as regular meetings, conference calls and general meetings, to ensure that the Company stays on top of the market pulse and responds to the ever-changing financial market in the nick of time.

Chart of communication channels between SIUD and the capital market



CONTINUOUS COMMUNICATION WITH MAINLAND INVESTORS

In view of the growing impact of Mainland investors on the Hong Kong capital market, SIUD recognises the importance of keeping its relationship with Mainland investors. During the year, SIUD maintained the communication with investors in Shanghai and the Greater Bay Area to effectively communicate the long-term strategies and recent operational conditions of the Group. The investors were also confident in the future stable development of the Company.

ANNUAL GENERAL MEETING

The Group holds general meetings to ensure that the shareholders or their proxies can attend and understand the Group's performance at the meeting, make enquiries to the Directors and vote on the resolutions to be proposed at general meetings for consideration and approval of the shareholders.

The Company held the annual general meeting at Ballroom, 1/F, South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong on 22 May 2025. All resolutions proposed at the annual general meeting were passed by poll.

ANNUAL REVIEW

During the year, the Group conducted a few non-deal roadshows with the investors' meetings organised by investment banks and large institutions, hosting nearly 50 investors and capital market participants to reinforce mutual understanding.

AVAILABILITY OF INFORMATION

As a corporate citizen with environmental awareness, SIUD encourages shareholders to access the corporate information and latest news through the Company's website (www.siud.com) or the website of HKEXnews. The Company's website is available in simplified Chinese, traditional Chinese and English for the convenience of users.

All corporate communications can be accessed from the "Investor Relations" section on the website after being published. The Group also sends information via email to all the people who have requested to join the Group's contact database. Anyone who wants to be included in the contact database may email to ir@siud.com.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Board strives to attain and maintain high standards of corporate governance to enhance Shareholders' value and safeguard Shareholders' interests.

The Company recognizes the importance of high standards of corporate governance to sustain healthy growth and has taken a proactive approach in strengthening corporate governance practices in accordance with the needs of its business.

During the year ended 31 December 2025, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the "**Code**").

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the Code and align with the latest developments.

CORPORATE CULTURE AND VALUE

Upholding the corporate value of "vision, responsibility, generosity and collaboration", the Company strives to fully implement the corporate development strategies under a professional and rational operational model in pursuit of continual and efficient return on values. The Company facilitates the continuous reformation of urban lifestyle with its premium and leading products and services while allowing the staff to fully unleash their potentials on a vast and fair career platform. The Company takes on social responsibility of promoting harmonious symbiosis between urban development and human beings for the betterment of the future.

CORE VALUE

Win-win Cooperation and Community Contribution

As a robust state-owned enterprise, we devote ourselves to social development and charitable services by taking an active role in poverty alleviation. We endeavour to fulfil our responsibility as a corporate citizen with sincerity and grow together with the society with an open and bold mindset.

A People-oriented Company Putting Integrity First

Upholding the mission of being a "people-oriented company putting integrity first" and the value of "vision, responsibility, generosity and collaboration", we are committed to the coordinated development between people and the enterprise to secure the impetus for our long-term growth.

Creating Value Through Market Integration

We actively expand our capital operation and integrate our upstream and downstream operations by virtue of our deep understanding of the market. By hailing a premium lifestyle featured with innovative ideas, sophisticated products and diversified services, we hope to promote the essence of the Haipai culture and enhance the core value of the region.

The Board is responsible for determining the mission and value of the Company, promoting the corporate culture among its operations and all the staff and incorporating them into business decisions and operations to ensure that the value and business strategies of the Company are in line with the corporate culture.

BOARD OF DIRECTORS

The Board is collectively responsible for formulating of the Group's overall strategy, reviewing and monitoring the business operations and performance of the Group, preparing and approving financial statements, considering and approving material contracts and transactions as well as other significant policies and financial matters. The Board takes responsibility to oversee internal controls and risk management systems; review the effectiveness of such systems; monitor the performance of the senior management; and determine the policy for corporate governance. The Board also gives clear directions as to the powers delegated to the senior management for the day-to-day operation, business strategies and administrative functions of the Group.

The Board has also delegated the duties of environmental, social and governance ("**ESG**") management to the Audit Committee, under which an ESG Working Group is responsible for assisting the Board in performing the ESG-related duties. The ESG Working Group would report its job progress and developments to the Audit Committee and the Board regularly. For details, please refer to the section headed "ESG GOVERNANCE AND APPROACH" in the 2025 ESG Report of the Company.

Being highly concerned about the robustness of the risk management and internal control systems, the Group actively integrates the relevant ESG risk factors into its risk management system in order to better assess and manage material ESG risks. The ESG Working Group is responsible for assisting the Board in identifying, assessing, prioritising and managing the identified material ESG risks, which are then reviewed regularly by the Board. The Board also monitors the effectiveness of the risk management and internal control systems. For details, please refer to the section headed "ESG Risk Management" in the 2025 ESG Report of the Company.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring the Board procedures and all applicable rules and regulations are followed.

Upon making request to the Board, each Director is able to seek independent professional advice at the Company's expenses, when necessary.

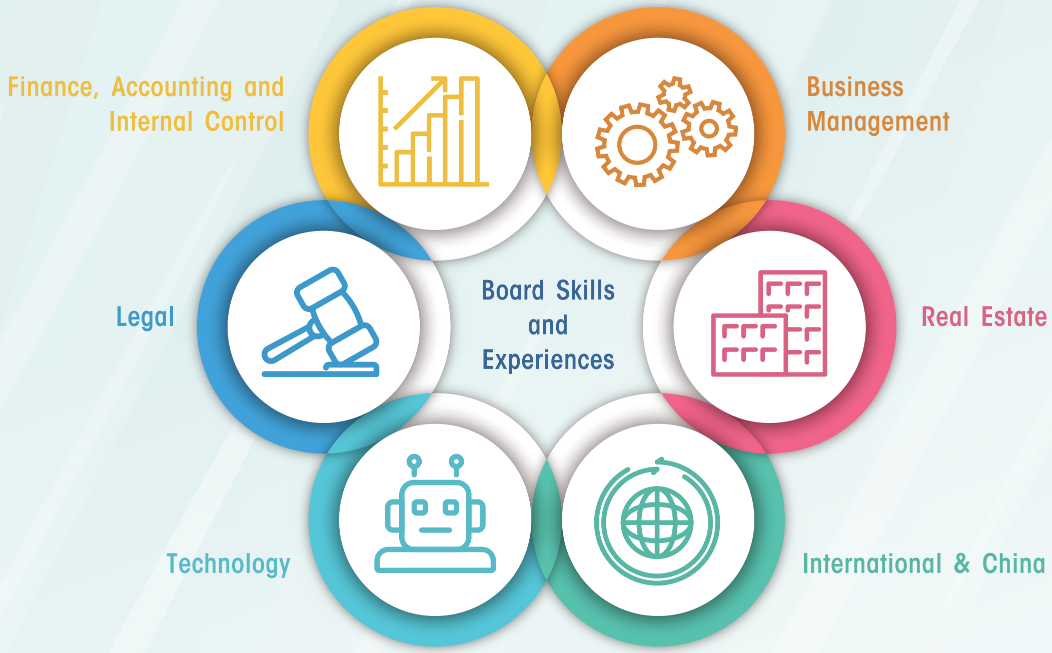
BOARD DIVERSITY POLICY

Pursuant to the Code, the Board had adopted a board diversity policy ("**Board Diversity Policy**") which sets out the approach to achieve and maintain diversity on the Board. The Company recognizes and embraces the benefits of diversity of Board members. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Selection of candidates will be based on the board nomination policy of the Company ("**Board Nomination Policy**") and a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills, knowledge and length of service.

The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single aspect.

BOARD SKILLS AND EXPERIENCE

The current Board consists the following skills and experiences that contribute to the Company's strategic direction and sustainable and balanced development:



The current Board composition has provided the Company with a good balance and diversity of skills and experience appropriate to the requirements of its business.

BOARD COMPOSITION

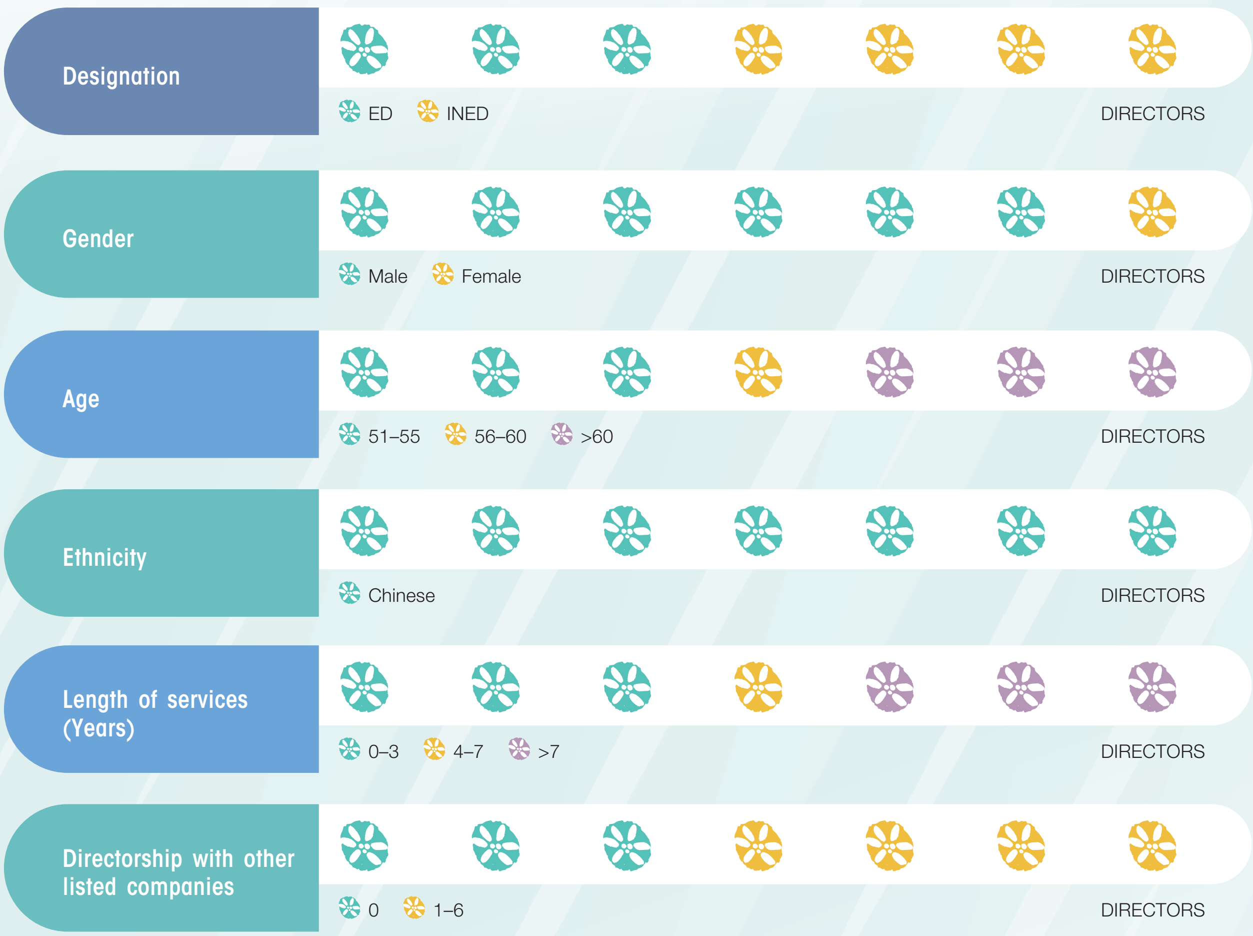
As at 31 December 2025, the Board comprised seven members, including three executive Directors and four independent non-executive Directors, with one Director being of a different gender, complying with Rules 3.10(1), 3.10A and 13.92(2) of the Listing Rules. At least one of the independent non-executive Directors has relevant financial management expertise as required by Rule 3.10(2) of the Listing Rules. The biographical details of each Director are set out in the section headed "BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT" on pages 57 to 63 of this annual report. The Board reviews regularly its composition to ensure a balance of skills and experience appropriate for the requirements of the business of the Company.

Notes:

1. Mr. Tang Jun resigned as an executive Director with effect from 1 August 2025.

2. Mr. Li Zhonghui was appointed as an executive Director with effect from 1 August 2025.

The Board composition and diversity as at 31 December 2025 are as follow:



According to the Board Diversity Policy adopted by the Board, the Company recognizes and embraces the benefits of having a diverse Board and regard increasing diversity at Board level as an essential element in maintaining its competitive advantage and supporting its sustainable development. The Board recognizes the importance and benefits of the gender diversity at the Board level and would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices.

The Nomination Committee periodically reviews the measurable objectives relevant to the Board composition in accordance with the Board Diversity Policy, and monitors the progress on achieving those objectives to ensure that the policy is implemented effectively. To strengthen the effectiveness and diversity of the Board and further enhance the corporate governance practices of the Company as a whole, Ms. Zhou Yadong, an executive Director and Dr. Chan Ho Wah, Terence, an independent non-executive Director, were appointed as members of the Nomination Committee with effect from 12 November 2025. The Nomination Committee is of the view that the current gender diversity of the Board was appropriate.

WORKFORCE DIVERSITY POLICY

Pursuant to the Code, the Company has adopted a workforce diversity policy ("**Workforce Diversity Policy**"), which outlines our approach and commitment to inclusion and diversity in the workforce (including senior management). The Company believes that achieving a diverse and inclusive culture among all employees is crucial to the Group's sustainable growth and operational efficiency, and can drive the Group's performance. The Company is committed to upholding the diversity of all its employees in terms of gender, background, skills and experience, maintaining an appropriate number of female employees, and ensuring that female employees hold representative management positions. The Nomination Committee will periodically review the implementation and effectiveness of the Workforce Diversity Policy.

As at 31 December 2025, the total workforce of the Group comprised of 42% female and 58% male, whereas senior management comprised of 30% female and 70% male. The current gender diversity of workforce was appropriate taking into account the business models and operational needs.

BOARD INDEPENDENCE

The Group has established the following mechanisms to ensure that independent views and input are available to the Board and such mechanisms are reviewed annually by the Board:

1. A sufficient number of the Board members are independent non-executive Directors, which meets the requirement of the Listing Rules that at least one-third of the Board are independent non-executive Directors;

2. The Nomination Committee is required to assess the independence of a candidate who is nominated to be a new independent non-executive Director before appointment and the continued independence of the current long-serving independent non-executive Directors on an annual basis. All independent non-executive Directors are required to submit a written confirmation to the Company annually to confirm the independence of each of them and their immediate family members, and their compliance with the requirements as set out in the Rule 3.13 of the Listing Rules;

3. The Chairman of the Board is required to meet with the independent non-executive Directors at least annually without the presence of other Directors;

4. A Director (including independent non-executive Directors) who has material interest in any contract, transaction or arrangement is required to abstain from voting and not be counted in the quorum on any Board resolution approving the same; and

5. No equity-based remuneration with performance-related elements is granted to independent non-executive Directors.

During the year ended 31 December 2025, the Board has reviewed the implementation and effectiveness of such mechanisms.

INDEPENDENCE CONFIRMATION

The Company has received from each independent non-executive Director an annual confirmation of his independence. Based on the annual review conducted by the Nomination Committee, the Board considers each of them to be independent with reference to the factors as set out in Rule 3.13 of the Listing Rules and the independent non-executive Directors's independent judgement exercised at the Board meetings.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Bye-laws, the Board is empowered to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorization by the members at the general meeting, as an additional member of the Board. Any Director so appointed shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

Moreover, at each annual general meeting one-third of the Directors for the time being (or, if the number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to rotation at least once every three years. All Directors were appointed for a specific term of three years but subject to retirement by rotation as aforesaid.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

The Company has arranged appropriate insurance coverage for Directors' and officers' liabilities in respect of legal actions against its Directors and officers arising out of corporate activities of the Group.

THE CHAIRMAN AND THE PRESIDENT

The Chairman of the Board and the President are two distinctively separate positions. Mr. Huang Haiping is the Chairman of the Board who is responsible for providing leadership for the Board and ensuring that the Board works effectively. Following the resignation of Mr. Tang Jun as the President, an executive Director and a member of the Investment Appraisal Committee on 1 August 2025, Mr. Li Zhonghui ("**Mr. Li**") was appointed as the President, an executive Director and a member of the Investment Appraisal Committee with effect from 1 August 2025. Mr. Li is the President who, assuming the role of chief executive officer, is responsible for the Group's daily operations, overall business development and management.

MEETING BETWEEN THE CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTORS

Under code provision C.2.7 of the Code, the Chairman of the Board should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors. There was one meeting held between the Chairman of the Board and the independent non-executive Directors, without the presence of other Directors for the year ended 31 December 2025.

BOARD NOMINATION POLICY

Pursuant to the Code, the Board had adopted a Board Nomination Policy which sets out the purposes and principles, the process and criteria for identifying and recommending candidates for election to the Board. The Nomination Committee has been delegated by the Board to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships. In considering candidates for director nominee, the Nomination Committee will take into account the actual needs of the Company and whether a candidate has the qualifications, skills and experience, etc. that can fulfill the needs of the Company and can at the same time add to and complement the range of diverse perspectives of the Board, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge of existing Directors. The Nomination Committee considers the following qualifications are at a minimum to be required of a director candidate in recommending to the Board potential new Director, or the continued service of existing Director:

1. the personal and professional ethics and integrity;

2. proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;

3. the ability to provide practical insights and diverse perspectives;

4. the ability to assist and support management (including an understanding of the Company's business and industry landscape) and make significant contributions to the Company's success; and

5. an understanding of the fiduciary responsibilities that is required of a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities.

To ensure that the existing policy continues to be implemented smoothly in practice, the Company shall undertake regular reviews and reassess this policy having regard to the regulatory requirements, good corporate governance practice and the expectations of the Shareholders and other stakeholders of the Company. The Company will propose amendments to the Board for approval.

DIVIDEND POLICY

Pursuant to the Code, the Company has adopted a dividend policy ("**Dividend Policy**") which sets out the guideline for the distribution of dividends to its shareholders by way of cash and/or shares and aims to achieve sustainability and stability. The Dividend Policy seeks to strike a balance between its Shareholders' interests and allowing the Company to have sufficient capital for the operations and future development of the Company. The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders at the annual general meeting.

In proposing any dividend payout, the Board shall take into account, inter alia, the Company's financial performance, the Group's liquidity position, its business strategies and development plans, and the general economic and financial conditions.

Any distribution of dividend is also subject to any restrictions under the Companies Act of Bermuda, the Memorandum of Association and Bye-laws of the Company and any applicable rules and regulations.

The Board will review the Dividend Policy from time to time and reserve its right in its sole and absolute discretion to update, amend, and/or modify the Dividend Policy. There can be no assurance that dividends will be paid in any particular amount for any given period.

RESPONSIBILITIES OF DIRECTORS

Each Director shall from time to time have knowledge of his/her responsibilities as Director, as well as the operations, business activities and development of the Company and shall ensure that sufficient time and effort will be put to deal with the Company's affairs. The Company offers induction materials to each Director on the first occasion of his/her appointment as well as necessary information and training during his/her term of appointment to ensure that he/she has appropriate knowledge of the Company's operations and business as well as the responsibilities of Director under applicable laws.

TRAINING AND SUPPORT FOR DIRECTORS

(A) Training

Pursuant to the Code, all Directors shall participate in the continuous professional development programme to develop and update their knowledge and skills so that they can contribute to the Board. During the year ended 31 December 2025, the Company offered several appropriate training sessions for Directors. The training sessions were related to the internal controls, anti-corruption, anti-fraud policies and site visiting. The Company has received from each of the Directors the individual training record of Directors pursuant to the principle of C.1 of the Code.

Mr. Li Zhonghui, the newly appointed Director, completed receiving training and obtaining legal advice from a firm of solicitors qualified to advise on Hong Kong law on 31 July 2025 and he has confirmed that he understood his respective obligations as Director.

During the year ended 31 December 2025, the Directors participated in the following trainings:

	Attending[1]
Executive Directors	
Huang Haiping	✓
Li Zhonghui[2]	✓
Zhou Yadong	✓
Tang Jun[3]	✓
Independent Non-executive Directors	
Doo Wai-Hoi, William, *B.B.S., J.P.*	✓
Fan Ren Da, Anthony	✓
Li Ka Fai, David, *M.H.*	✓
Chan Ho Wah, Terence	✓

Notes:

1. Trainings may include

   (a) seminar(s)/programme(s)/conference(s)/forums relevant to the business or Directors' duties; and/or

   (b) reading newspaper, journals and updates relating to the economy, general business or Directors' duties etc.; and/or

   (c) site visiting of the Company.

2. Mr. Li Zhonghui was appointed as the President, an executive Director and a member of the Investment Appraisal Committee with effect from 1 August 2025.

3. Mr. Tang Jun resigned as the President, an executive Director and a member of the Investment Appraisal Committee with effect from 1 August 2025.

All the Directors also understand the importance of continuous professional development and are committed to participate in any suitable training to develop and refresh their knowledge and skills.

(B) Support

The Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes, such as the latest version of "A Guide on Directors' Duties" published by the Hong Kong Companies Registry and guidelines published by The Hong Kong Institute of Directors, are issued to Directors and senior management of the Company where appropriate to ensure awareness of best corporate governance practices.

PRACTICES AND CONDUCT OF MEETINGS

Annual meeting schedule and agenda of each meeting are made available to the Directors in advance.

Notices of regular Board meetings of the Company are served to all Directors at least fourteen days before the meetings and reasonable notice is generally given for other Board meetings of the Company. For committee meetings, notice is served in accordance with the required notice period stated in the relevant terms of reference.

Board papers together with all appropriate, complete and reliable information are sent to all Directors/committee members of the Company at least three days before each Board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The senior management, the financial controller of the Company and the Company Secretary attend regular board meetings of the Company and when necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary/secretary of the committees is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are circulated to Directors for comments within a reasonable period of time after each meeting and the executed copies are open for inspection by Directors.

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

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding dealings in the securities of the Company by the Directors and the relevant employees (who are likely to be in possession of inside information relating to the Company or its securities) (the "**Guidelines for Securities Transactions by Relevant Employees**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions for the year ended 31 December 2025.

In addition, no incident of non-compliance of the Guidelines for Securities Transactions by Relevant Employees by the relevant employees of the Group was noted by the Company throughout the year ended 31 December 2025.

DIRECTORS' ATTENDANCE RECORD

The Directors play an active role in participating in the meetings of the Company through contribution of their professional opinions and active participation in discussion. The attendance records of each of Director at the meetings of the Board, Audit Committee, Remuneration Committee, Nomination Committee, Investment Appraisal Committee and general meetings of the Company held during the year ended 31 December 2025 are set out as follows:

	Number of meetings attended/number of meetings held					
Name of Directors	**Board meeting**	**Audit Committee meeting**	**Remuneration Committee meeting**	**Nomination Committee meeting**	**Investment Appraisal Committee meeting**	**2025 Annual general meeting[1]**
Executive Directors						
Huang Haiping	5/5			4/4		1/1
Li Zhonghui[2]	2/2				1/1	0/0
Zhou Yadong[3]	5/5			0/0	2/2	1/1
Tang Jun[4]	3/3				1/1	1/1
Independent Non-executive Directors						
Doo Wai-Hoi, William, *B.B.S., J.P.*	5/5	2/2	3/3	4/4		1/1
Fan Ren Da, Anthony	5/5	2/2	3/3	3/4	2/2	1/1
Li Ka Fai, David, *M.H.*	5/5	2/2				1/1
Chan Ho Wah, Terence[5]	5/5		2/2	0/0		1/1

Notes:

1. The 2025 annual general meeting of the Company was held on Thursday, 22 May 2025.

2. Mr. Li Zhonghui was appointed as the President, an executive Director and a member of the Investment Appraisal Committee with effect from 1 August 2025.

3. Ms. Zhou Yadong was appointed as a member of the Investment Appraisal Committee and a member of Nomination Committee with effect from 21 March 2025 and 12 November 2025 respectively.

4. Mr. Tang Jun resigned as the President, an executive Director and a member of the Investment Appraisal Committee with effect from 1 August 2025.

5. Dr. Chan Ho Wah, Terence was appointed as a member of Remuneration Committee and a member of Nomination Committee with effect from 21 March 2025 and 12 November 2025 respectively.

The Company has received annual confirmation from each Director that he/she has given sufficient time and attention to the affairs of the Company during the year ended 31 December 2025. Directors also disclosed to the Company the changes, if any, in the number and nature of offices they held in public companies or organizations and other significant commitment, including the identity of the public companies or organizations and an indication of the time involved pursuant to C.1.4 of the Code.

BOARD COMMITTEES

The Board has established four Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment Appraisal Committee, for overseeing particular aspects of the Company's affairs. All the Board committees should report to the Board on their decisions or recommendations made. The terms of reference of the Audit Committee, the Remuneration Committee, the Nomination Committee and corporate governance functions have been published on the websites of the Company and the Stock Exchange pursuant to the Code, which were approved during the Board meeting.

A. Audit Committee

The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Li Ka Fai, David, *M.H.* (Committee Chairman), Mr. Doo Wai-Hoi, William, *B.B.S., J.P.* and Dr. Fan Ren Da, Anthony. The chairman of the Audit Committee, Mr. Li Ka Fai, David, *M.H.* possesses relevant financial management expertise and this meets the requirements of Rule 3.21 of the Listing Rules.

The main responsibilities of the Audit Committee are:

1. to review the accounting principles and practices adopted by the Group;

2. to review the financial reporting process, risk management and internal controls system of the Group; and

3. to review the independence and objectivity of the external auditor, the scope of audit services and related audit fees payable to the external auditor.

During the year ended 31 December 2025, two Audit Committee meetings were held and the following works, *inter alia*, were performed by the Audit Committee:

1. reviewed the re-appointment, appointment and resignation of the external auditor, including its independence and objectivity, the scope of audit services and related audit fees payable to the external auditor for the Board's approval;

2. reviewed the unaudited financial statements of the Group for the six months ended 30 June 2025 and the audited final financial statements of the Group for the year ended 31 December 2025 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group;

3. reviewed the risk management, internal audit, internal controls and financial reporting matters of the Group; and

4. reviewed the progress report on the preparation of the ESG report and recommended the ESG report to the Board for consideration and approval.

B. Remuneration Committee

The Remuneration Committee currently consists of three independent non-executive Directors, namely Mr. Doo Wai-Hoi, William, *B.B.S., J.P.* (Committee Chairman), Dr. Fan Ren Da, Anthony and Dr. Chan Ho Wah, Terence.

The main responsibilities of the Remuneration Committee are:

1. to make recommendations to the Board on the Company's policy and structure for the remuneration of Directors and the senior management;

2. to have the delegated responsibility to determine the specific remuneration packages of all executive Directors and senior management for submission to the Board for approval;

3. to review and approve above performance-based remuneration by reference to the corporate goals and objectives resolved by the Board from time to time;

4. to review and approve the compensation payable to executive Directors and senior management in connection with any loss or termination of their office;

5. to review and approve compensation arrangements relating to dismissal or removal of Directors; and

6. to ensure that no Director or any of his associates is involved in deciding his own remuneration.

During the year ended 31 December 2025, three Remuneration Committee meetings were held to review the remuneration packages of all Directors and senior management of the Company, the remuneration package and services contract of the proposed appointed Director and the renewal of the Directors' services contracts.

C. Nomination Committee

The Nomination Committee currently consists of two executive Directors, namely Mr. Huang Haiping (Committee Chairman) and Ms. Zhou Yadong (appointed on 12 November 2025), and three independent non-executive Directors, namely Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*, Dr. Fan Ren Da, Anthony and Dr. Chan Ho Wah, Terence (appointed on 12 November 2025). The primary function of the Nomination Committee is to make recommendations to the Board on potential candidates to fill vacancies or additional appointment on the Board and senior management. All appointments of Directors were nominated by the Nomination Committee based on the considerations including vacancy available, competence and experience, possession of requisite skills and qualifications, independence and integrity.

During the year ended 31 December 2025, four Nomination Committee meetings were held and the following works, *inter alia*, were performed by the Nomination Committee:

1. reviewed the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board;

2. addressed the independence of the independent non-executive Directors, having regard to the requirements under the Listing Rules;

3. made recommendations on the nomination of Directors for the Board to recommend to the Shareholders for re-elections at the annual general meeting held on 22 May 2025;

4. made recommendations to the Board on the appointment of executive Director;

5. reviewed the Board Diversity Policy and Board Nomination Policy from time to time; and

6. reviewed the terms of reference of the Nomination Committee.

D. Investment Appraisal Committee

The Investment Appraisal Committee currently consists of one independent non-executive Director, namely Dr. Fan Ren Da, Anthony (Committee Chairman) and two executive Directors, namely Mr. Li Zhonghui (appointed on 1 August 2025) and Ms. Zhou Yadong.

The main responsibilities of the Investment Appraisal Committee are:

1. to research and advise on the long-term development strategy of the Company;

2. to research and advise on material investment projects of the Company;

3. to research and advise on material capital and asset management projects of the Company;

4. to research and advise on material events which affect the development of the Company;

5. to make subsequent assessment on investment projects; and

6. to review on the above matters.

During the year ended 31 December 2025, two Investment Appraisal Committee meetings were held.

E. Corporate Governance Functions

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements, training and continuous professional development of Directors and senior management, etc. The primary duties are set out in the "CORPORATE GOVERNANCE FUNCTIONS: TERMS OF REFERENCE OF THE BOARD" which is available on the page of "Corporate Governance" in the relevant section of "CORPORATE GOVERNANCE" in the website of the Company.

The main responsibilities of the corporate governance functions are:

1. to consider and review the Company's corporate governance principles, practices and processes and make recommendations;

2. to propose changes when necessary;

3. to review the Company's disclosure of its corporate governance program and compliance with each annual general meeting of the Company;

4. to review and monitor the Company's policies and practices;

5. to review internal corporate policies annually;

6. to review and monitor the training and continuous professional development of Directors and senior management;

7. to develop, review and monitor the code of conduct and compliance manual; and

8. to review the Company's compliance with the Code and disclosure.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Group and has day-to-day knowledge of the Company's affairs. During the financial year ended 31 December 2025, the Company Secretary has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules which requires the Company Secretary to take no less than 15 hours of relevant professional training. The biographical details of the Company Secretary are set out in the section of "BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT" in this annual report.

ACCOUNTABILITY

The Directors are responsible for overseeing the preparation of accounts of each financial period, which give a true and fair view of the state of affairs of the Company and the Group and of the Group's results and cash flow for the period. In preparing the financial statements for the year ended 31 December 2025, appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants which are pertinent to its operations and relevant to the financial statements on the going concern basis were adopted. The Company has received acknowledgements from all Directors of their responsibilities for preparing the financial statements. It is the responsibility of the auditor to form an independent opinion, based on their audit, of these financial statements and to report their opinion to the shareholders, as a body, and for no other purpose. The auditor does not assume responsibilities toward or accept liability to any other person for the contents of their report.

In accordance with the Code, the management has provided monthly updates including the performance, financial position and prospects of the Company to the members of the Board on the fifth day of each month, enabling them to perform their duties under the Listing Rules. After seeking the opinion of Audit Committee, the Company provides the Directors with relevant reports each month.

RISK MANAGEMENT

The Group has established and maintained sufficient risk management procedures to identify and control various types of risk within the organization and the external environment with active management participation and effective internal controls procedures in the best interest of the Group and the Shareholders.

The Group's internal auditor provides annual review and confirmation on the effectiveness of the risk management and internal controls system to the Board. Besides, the Audit Committee, on behalf of the Board, has reviewed the effectiveness of the Group's internal controls and risk management systems during the period covered by this annual report.

INTERNAL CONTROLS

The Board is responsible for maintaining sound and effective internal controls system in order to safeguard the Group's assets and Shareholders' interests and reviewing and monitoring the effectiveness of the Company's internal controls and risk management systems on a regular basis so as to ensure that internal controls and risk management systems in place are adequate.

The Board, through the Audit Committee, has reviewed the effectiveness of the internal controls and risk management systems of the Group on a regular basis to ensure that the systems in place are adequate. The Board acknowledged that it had received a confirmation from the management on the effectiveness of the risk management and internal control systems of the Group for the year ended 31 December 2025. The Audit Committee and the Board had reviewed the risk management and internal control systems and were not aware of any significant issues that would have an adverse impact on the effectiveness and adequacy of the Group's operational, financial and compliance areas of the risk management and internal control systems. The Company is always committed to maintaining a high standard of corporate governance and to continue strengthening the control systems of the Group in the interests of Shareholders. To monitor the effectiveness of the internal controls systems, in addition to the internal audit function of the Group, if necessary, the Board will appoint an independent professional firm to conduct internal controls reviews of selected areas of the Group.

Anti-fraud and anti-corruption policies and procedures

The Company adopted its internal policy for anti-fraud and anti-corruption system and its specific contents, the areas of which include, but without limitation, the definition of fraud, the internal institution to be responsible for monitoring the system, the reporting, investigation and handling of complaints and actions to be taken for substantiated cases.

The whistleblowing policy has been put in place to facilitate reporting (including anonymous reporting) of concerns, misconduct or misalignment. Any possible improprieties in financial reporting, internal control or other matters will be reported to Audit Committee and the Board.

Inside Information Disclosure

The Company also established its own inside information disclosure policy and required reporting compliance by all of its subsidiaries with a view to maintain good corporate governance within the Group and to ensure due disclosure of corporate information as well as to enhance corporate transparency.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the "INDEPENDENT AUDITOR'S REPORT" on pages 76 to 81.

During the year ended 31 December 2025, the remuneration accrued to the Company's auditor, Ernst & Young, is set out below:

	HK$'000
For audit services	
— audit fee for the year ended 31 December 2025	4,162

No non-audit service was provided from Ernst & Young for the year ended 31 December 2025.

SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual Directors. For more details of election of individual Directors, Shareholders can refer to the details of "PROCEDURES FOR ELECTION OF DIRECTORS BY SHAREHOLDERS" in the relevant section of "CORPORATE GOVERNANCE" in the website of the Company.

The rights of Shareholders and the procedures for demanding a poll on resolutions at Shareholders' meetings at which voting is taken on a poll are contained in the Company's Bye-laws. Shareholders may request for convening a special general meeting and putting forward proposals at a general meeting pursuant to the Company's Bye-laws.

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company's principal place of business in Hong Kong.

Shareholders Communication Policy

The Company recognizes the importance of sustaining good communication with its Shareholders (including individuals, corporate Shareholders and general investors) and therefore consistently strives to increase transparency of the Company in order to timely inform the Shareholders the operation status and financial performance of the Company. To maintain good communication with Shareholders, the Company has in place the shareholders communication policy ("**Shareholders Communication Policy**") for communication with Shareholders.

The Company shall review the Shareholders Communication Policy annually to ensure its implementation and effectiveness. Having considered the multiple channels of communication and engagement in place, the Board is satisfied that the Shareholders Communication Policy has been properly in place during the year ended 31 December 2025 and remains effective.

Full details of the Shareholders Communication Policy are available on the "Shareholders Communication Policy" in the relevant section of "CORPORATE GOVERNANCE" in the website of the Company. For the details of the shareholders communication strategy and method, please refer to the "INVESTOR RELATIONS REPORT" section as set out in this annual report.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2025, there is no significant change in the constitutional documents of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Huang Haiping

Chairman, Executive Director and Chairman of the Nomination Committee

Mr. Li Zhonghui

President, Executive Director and Member of the Investment Appraisal Committee

Ms. Zhou Yadong

Executive Director and Members of the Investment Appraisal Committee and the Nomination Committee

Mr. Doo Wai-Hoi, William, B.B.S., J.P.

Independent Non-executive Director, Chairman of the Remuneration Committee, Members of the Audit Committee and the Nomination Committee

Dr. Fan Ren Da, Anthony

Independent Non-executive Director, Chairman of the Investment Appraisal Committee, Members of the Audit Committee, the Remuneration Committee and the Nomination Committee

Mr. Li Ka Fai, David, M.H.

Independent Non-executive Director and Chairman of the Audit Committee

Dr. Chan Ho Wah, Terence

Independent Non-executive Director, Members of the Remuneration Committee and the Nomination Committee

EXECUTIVE DIRECTORS

Mr. Huang Haiping, Chairman, Executive Director and Chairman of the Nomination Committee

Mr. Huang, aged 59, was appointed as the chairman of the Board, an executive Director and the chairman of the Nomination Committee of the Company on 18 May 2020.

He graduated from the Shanghai Education Institute majoring in Political Education (undergraduate) and obtained a Bachelor Degree of Laws from the Shanghai Normal University. He holds the title of political engineer. He is a vice president of SIIC (a controlling shareholder of the Company) and the chairman of SIIC Dongtan Investment & Development (Holdings) Co., Ltd.* (上海實業東灘投資開發(集團)有限公司). Mr. Huang previously acted as deputy officer of the Huangpu District Xiaodongmen Sub-district Office, officer of the Huangpu District Bansongyuan Road Sub-district Office, director of the Huangpu District Housing and Land Administrative Bureau, leader of the Joint Preparation Group of the Huangpu District Development and Reform Commission, director of the Huangpu District Housing Security and Housing Administrative Bureau, deputy director of the Putuo District Government of Shanghai and vice chairman of the CPC Shanghai Putuo District Committee. He has over twenty years of working experience in urban construction and management. He is also the chairman of SUD, and a director of Phoenix Real Properties Limited, Joy Century Investments Limited and Silvery Champ Limited, all of which are the subsidiaries of the Company.

Mr. Li Zhonghui, President, Executive Director and Member of the Investment Appraisal Committee

Mr. Li, aged 54, was appointed as the President, executive Director and member of the Investment Appraisal Committee of the Company on 1 August 2025.

He is currently the director and general manager of Shanghai Baodi Shangshi Industrial City Development Co., Ltd.* (上海寶地上實產城發展有限公司) and Shanghai Baodi Lingang Industrial City Development Co., Ltd.* (上海寶地臨港產城發展有限公司), and serves as the chairman and general manager of Shanghai Shangshi New City Development Co., Ltd.* (上海上實新城市開發有限公司). He holds a Bachelor Degree of Engineering in Real Estate and Surveying from Tongji University and a Master Degree of Business Administration from China Europe International Business School. Mr. Li has over 30 years of experience in property development and management. Mr. Li previously held various positions, including deputy officer of the Shanghai Xuhui District Property Management Bureau, officer of the Xuhui District Real Estate Trading Centre, officer of the Xuhui District Land Development Centre, general manager of Xuhui District Land Development Co., Ltd.* (徐匯區土地發展有限公司), deputy director of the Xuhui District Housing Development Bureau, director and general manager of Shanghai Xuhui Waterfront Development Construction Investment Co., Ltd.* (上海徐匯濱江開發建設投資有限公司), and chairman and general manager of Shanghai West Bund Development (Group) Co., Ltd.* (上海西岸開發(集團)有限公司). He currently serves as vice chairman and president of SUD (a subsidiary of the Company) as well as a director of certain subsidiaries of the Company.

Ms. Zhou Yadong, Executive Director, Members of the Nomination Committee and the Investment Appraisal Committee

Ms. Zhou, aged 54, was appointed as an executive Director of the Company on 15 July 2024. She is also the members of the Nomination Committee and the Investment Appraisal Committee of the Company.

She is a vice president and chief financial officer of Shanghai Pharmaceuticals Holding Co., Ltd. (Stock Exchange stock code: 2607, SSE stock code: 601607). She obtained a Master's Degree in Accounting from the Chinese University of Hong Kong and holds the title of economist. Ms. Zhou has nearly 30 years of financial and investment experience, having worked in investment banks in China, and has spent the last 20 years mainly in investment and corporate management work within SIIC. She successively worked in Shanghai SIIC Asset Management Co., Ltd., SIIC Management (Shanghai) Ltd., Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd., Shanghai Luqiao Development Co., Ltd., SIIC and Shanghai SIIC Group Finance Co., Ltd. ("**SIIC Finance**"), involving various fields such as asset operation, investment management, expressway development and financial fund management, and possesses extensive industry knowledge and rich management experience. Ms. Zhou also used to be a director and general manager of SIIC Finance. In addition, Ms. Zhou also has extensive experience in IT team building, risk control and management, resources input and output, as well as the introduction and application of new technologies.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*, Independent Non-executive Director, Chairman of the Remuneration Committee, Members of the Audit Committee and the Nomination Committee

Mr. Doo, aged 81, was appointed as an independent non-executive Director of the Company on 5 July 2010. He is the chairman of the Remuneration Committee and members of the Audit Committee and Nomination Committee of the Company. Mr. Doo is the chairman and director of Fungseng Prosperity Holdings Limited. He is also the Honorary Consul General of the Kingdom of Morocco in Hong Kong and Macau, and has been serving as a Governor of the Canadian Chamber of Commerce in Hong Kong since 1995. Mr. Doo was awarded the Bronze Bauhinia Star by the Government of the HKSAR in 2021. In addition, he was appointed as a National Committee Member of the 12th Chinese People's Political Consultative Conference in February 2013, and was promoted to the Officier del'Ordre National de la Légion d'Honneur by the French Government in 2019. He has been a non-executive director of Lifestyle International Holdings Limited (previous stock code: 1212) since June 2015, shares of which were withdrawn from listing on the Stock Exchange with effect from 20 December 2022.

He is a director of the following listed companies:

Listed Company	Role
Hong Kong listed companies	
• FSE Lifestyle Services Limited (stock code: 331)	Chairman, executive director and chairman of the executive committee
• New World Development Company Limited (stock code: 17)	Vice-chairman and non-executive director

Dr. Fan Ren Da, Anthony, Independent Non-executive Director, Chairman of the Investment Appraisal Committee, Members of the Audit Committee, the Remuneration Committee and the Nomination Committee

Dr. Fan, aged 65, was appointed as an independent non-executive Director of the Company on 5 July 2010. He is also the chairman of the Investment Appraisal Committee and the members of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Dr. Fan holds a Master's Degree in Business Administration from the United States and a PhD Degree in Economics. He has over fourteen years of experience in the property industry. He is the founding president of the Hong Kong Independent Non-Executive Director Association. He is also the chairman and managing director of AsiaLink Capital Limited. He was an independent non-executive director of 3DG Holdings (International) Limited (formerly known as "Hong Kong Resources Holdings Company Limited", stock code: 2882) from September 2008 to February 2024, China Development Bank International Investment Limited (stock code: 1062) from March 2012 to March 2024, China Dili Group (previous stock code: 1387, listing of its shares was withdrawn on the Stock Exchange with effect from 12 August 2024) from August 2008 to August 2024, Haitong Securities Co., Ltd. (previous stock code: 6837, listing of its shares was withdrawn on the Stock Exchange with effect from 4 March 2025) from October 2023 to March 2025, CITIC Resources Holdings Limited (stock code: 1205) from August 2000 to March 2025, Technovator International Limited (stock code: 1206) from September 2011 to June 2025, and Neo-Neon Holdings Limited (stock code: 1868) from August 2014 to June 2025.

He is a director of the following listed companies:

Listed Company	Role
Hong Kong listed companies	
• Tenfu (Cayman) Holdings Company Limited (stock code: 6868)	Executive director and chairman of environmental, social and governance committee
• Uni-President China Holdings Ltd. (stock code: 220)	Independent non-executive director, chairman of the audit committee, members of the remuneration committee and the investment, strategy and development committee
• Semiconductor Manufacturing International Corporation (stock code: 981)	Independent non-executive director, chairman of the compensation committee and member of the audit committee
• Hilong Holding Limited (stock code: 1623)	Non-executive director

Mr. Li Ka Fai, David, *M.H.*, Independent Non-executive Director and Chairman of the Audit Committee

Mr. Li, aged 71, was appointed as an independent non-executive Director of the Company on 5 July 2010. He is the chairman of the Audit Committee of the Company. He is a fellow of the Association of Chartered Certified Accountants, United Kingdom. Mr. Li has over nineteen years of experience in the property industry. He was an independent non-executive director of China Merchants Port Holdings Company Limited (stock code: 144) from June 2007 to June 2025.

He is a director of the following listed companies:

Listed Company	Role
Hong Kong listed companies	
• Goldlion Holdings Limited (stock code: 533)	Independent non-executive director, chairman of the audit committee, members of the nomination committee and the remuneration committee

Listed Company	Role
• China-Hongkong Photo Products Holdings Limited (stock code: 1123)	Independent non-executive director, chairman of the audit committee, members of the nomination committee and the remuneration committee
• Cosmopolitan International Holdings Limited (stock code: 120)	Independent non-executive director, chairman of the audit committee, members of the nomination committee and the remuneration committee
• Continental Aerospace Technologies Holding Limited (stock code: 232)	Independent non-executive director, members of the audit committee and the remuneration committee
• Wai Yuen Tong Medicine Holdings Limited (stock code: 897)	Independent non-executive director, chairman of the audit committee, members of the nomination committee and the remuneration committee

Dr. Chan Ho Wah, Terence, Independent Non-executive Director, Members of the Remuneration Committee and the Nomination Committee

Dr. Chan, aged 55, was appointed as an independent non-executive Director of the Company on 15 July 2024. He is also the members of the Remuneration Committee and the Nomination Committee of the Company. He holds a Doctor of Philosophy Degree in Economics and a Master's Degree in Real Estate, and he also possesses professional fellow membership of CPA Australia and Royal Institute of Chartered Surveyors as well as the professional designation of Chartered Financial Analyst and Certified Financial Technologist.

Dr. Chan has thirty-one years of experience in real estate and infrastructure investment and financing and capital operation of listed companies. Dr. Chan is currently the chairman of Bay Area Capital Partners Limited and an Adjunct Professor in the Department of Real Estate and Construction of the University of Hong Kong. Dr. Chan is the chairman of ESG & Sustainable Investment Committee of Hong Kong Independent Non-Executive Director Association, a member of the Mainland Opportunities Committee of Financial Service Development Council, a member of the Greater Bay Area Committee of CPA Australia, and the vice-chairman of the Hong Kong Education University Council. Dr. Chan is a standing committee member of the 14th Shanghai Committee of the Chinese People's Political Consultative Conference. He is also a member of the Chinese Association of Hong Kong & Macao Studies of the State Council, deputy president of the Federation of Hong Kong-Shanghai Associations, the chairman of Shanghai HK Association, and a member of the 2021 Election Committee of the HKSAR. He has been appointed as a member of Infrastructure Development Advisory Committee of the Hong Kong Trade Development Council and vice chairman of the Security and Guarding Services Industry Authority of the Security Bureau since 2022.

He is a director of the following listed companies:

Listed Company	Role
Hong Kong listed companies	
• CASH Financial Services Group Limited (stock code: 510)	Independent non-executive director and member of the audit committee
• Wang On Properties Limited (stock code: 1243)	Independent non-executive director, chairmen of the remuneration committee and the audit committee, and member of the nomination committee
• Kunming Dianchi Water Treatment Co., Ltd. (stock code: 3768)	Independent non-executive director, chairperson of the remuneration and appraisal committee, members of the audit committee and nomination committee

SENIOR MANAGEMENT

Mr. Yang Yong

Vice President

Mr. Yang, aged 53, is a vice president of the Company since May 2018. Mr. Yang holds a Bachelor's Degree of Engineering in Real Estate Management from Tongji University (formerly known as Shanghai Urban Construction College) and a Master's Degree in Management Science from Management Science and Engineering Discipline of School of Economics and Management, Tongji University. He is a senior engineer. He used to be the division head of residential construction division under residential construction development center and officer of project management department of Shanghai Municipal Housing and Land Resources Administration; deputy general manager of Shanghai Jing'an Urban Construction Investment Limited* (上海靜安城建投資有限公司), Shanghai International Group Real Estate Investment Management Limited* (上海國際集團房地產投資管理有限公司), Shanghai International Group Investment Development Limited* (上海國際集團投資發展有限公司), and Shanghai Shangtou Holding Limited* (上海上投控股有限公司) and vice president of Shanghai Shangtou Asset Management Limited* (上海上投資產經營有限公司).

Mr. Pan Jun

Vice President

Mr. Pan, aged 57, has been the vice president of the Company since October 2024. He holds a Master's Degree in Engineering from Shanghai Jiao Tong University and a Master's Degree in Executive Business Administration from China Europe International Business School. He is a senior engineer. He was the assistant to general manager of Shanghai Jinqiao Export Processing Zone Development Co., Ltd., deputy general manager of Shanghai Qibai Jiusi Technology Development Co., Ltd.* (上海七百九思科技發展有限公司) and Shanghai Industrial Real Estate Co., Ltd.* (上海上實房地產有限公司), general manager of Suzhou Taihu Zhongteng Real Estate Co., Ltd.* (蘇州太湖中騰房地產有限公司) and Qingdao Industrial City Development Co., Ltd.* (青島上實城市發展有限公司), vice president of Shanghai Industrial Real Estate Qingdao Regional Headquarter* (上實地產青島區域總部) and Shanghai Industrial Development Co., Ltd.

SENIOR MANAGEMENT

Mr. He Bin
Vice President

Mr. He, aged 45, is a vice president of the Company since February 2017. Mr. He received a Bachelor's Degree in Economics from Fudan University in Shanghai. He was the assistant to the president of the Company and SUD. He has been the general manager of Shanghai Shentian Property Limited* (上海莘天置業有限公司) since February 2013. Mr. He is also currently a director and vice president to SUD.

Ms. Yang Hua
Vice President

Ms. Yang, aged 47, is a vice president of the Company since February 2021. Ms. Yang holds a Bachelor's Degree in Economics from Shanghai University of Finance and Economics. She is an economist. She was the assistant to the president of the Company and SUD. She is currently the chairman of the intercity company in Xi'an.

Mr. Chan Kin Chu, Harry
Company Secretary

Mr. Chan, aged 56, has been the Company Secretary of the Company since 1 June 2011. He was appointed as Board Secretary and Deputy General Counsel in February 2013. Mr. Chan graduated from the University of Hong Kong with a Bachelor of Laws Degree. He also obtained a Master of Laws Degree from the University of London, U.K. and a Bachelor of Laws Degree from Tsinghua University, the PRC. He was admitted to the High Court of Hong Kong Special Administrative Region as a solicitor. Mr. Chan has over twenty years of working experience in legal, compliance and corporate governance matters. Before joining the Group, Mr. Chan worked for a sizable property developer as an in-house counsel.

* *The English names of these entities are translations from their Chinese names and are for identification purpose only.*

DIRECTORS' REPORT

The Board presents its annual report and the audited financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries, its associates and its joint ventures are set out in notes 1, 19 and 20 to the consolidated financial statements respectively.

BUSINESS REVIEW

The discussion and analysis of the business review of the Group can be found in the section headed "MANAGEMENT DISCUSSION AND ANALYSIS" as set out on pages 12 to 16 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 82 of this annual report.

Taking into account the future plans, the financial position and cash flow position of the Company, the Board does not recommend the payment of any final dividend for the year ended 31 December 2025 (for the year ended 31 December 2024: Nil).

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the 2026 AGM

The 2026 AGM is scheduled to be held on Tuesday, 19 May 2026. For determining the entitlement to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Wednesday, 13 May 2026 to Tuesday, 19 May 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. The record date for determination of entitlement of the members of the Company to attend and vote at the 2026 AGM will be on Tuesday, 19 May 2026. In order to be eligible to attend and vote at the 2026 AGM, unregistered holders of shares of the Company should ensure that all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30p.m. on Tuesday, 12 May 2026.

INVESTMENT PROPERTIES

Details of movements during the year ended 31 December 2025 in investment properties of the Group are set out in note 14 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year ended 31 December 2025 in other property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 176 of this annual report.

SHARE CAPITAL

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

LOAN AGREEMENT WITH SPECIFIC PERFORMANCE COVENANT ON THE CONTROLLING SHAREHOLDER

As disclosed in the announcement of the Company dated 11 February 2026, the Company (as the borrower) entered into two loan agreements (the "**Loan Agreements**") with a bank (as the lender) for two term loan facilities in the aggregate amount of RMB900,000,000 for a term of thirty-six months for the purpose of repaying the existing bank borrowings. The loan agreements provide that during the subsistence of the aforesaid facilities, SIIC, being a controlling shareholder of the Company and SIHL (a controlling and substantial shareholder of the Company), shall directly or indirectly maintain no less than 51% of the total issued share capital of the Company and maintain actual control and management of the Company (the "**Shareholding and Management Covenant**"). A breach of the Shareholding and Management Covenant will constitute a default under the Loan Agreements.

As at the date of this annual report, SIIC is beneficially interested in approximately 70.44% (including those interests deemed or taken to be interested in shares held by SIHL for the purpose of SFO), of the total issued share capital of the Company. Other than as disclosed above, there are no other events which are required to be disclosed by the Company under Rule 13.18 of the Listing Rules.

MATERIAL ACQUISITIONS AND DISPOSALS

No material acquisitions and disposals of the Company during the year ended 31 December 2025.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year ended 31 December 2025 are set out in the consolidated statement of changes in equity of this annual report.

DISTRIBUTABLE RESERVES

The Company had sufficient reserves available for distribution to the Shareholders as at 31 December 2025.

Under the Companies Act 1981 of Bermuda (as amended), the Company shall not declare or pay a dividend, or make a distribution out of the contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realizable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Under the Companies Act 1981 of Bermuda (as amended), the Company's share premium account of HK$8,298,810,879 as at 31 December 2025 (as at 31 December 2024: HK$8,298,810,879) may be distributed in the form of fully paid bonus shares.

DIRECTORS

The Directors during the year ended 31 December 2025 and up to the date of this annual report have been:

Executive Directors
Mr. Huang Haiping *(Chairman)*
Mr. Li Zhonghui *(President) (appointed on 1 August 2025)*
Ms. Zhou Yadong
Mr. Tang Jun *(resigned on 1 August 2025)*

Independent Non-executive Directors
Mr. Doo Wai-Hoi, William, *B.B.S., J.P.*
Dr. Fan Ren Da, Anthony
Mr. Li Ka Fai, David, *M.H.*
Dr. Chan Ho Wah, Terence

In accordance with Bye-law 83(2) of the Company's Bye-laws, Mr. Li Zhonghui shall hold office as Director until the next annual general meeting of the Company after his appointment. Separate ordinary resolution will be proposed at the 2026 AGM to seek Shareholders' approval to the proposed re-election of Mr. Li Zhonghui as an executive Director.

In accordance with Bye-law 84 of the Company's Bye-laws, Mr. Huang Haiping and Mr. Li Ka Fai, David, *M.H.* will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, have offered themselves for re-election. Separate ordinary resolutions will be proposed at the 2026 AGM to re-elect Mr. Huang Haiping as an executive Director and Mr. Li Ka Fai, David, *M.H*. as an independent non-executive Director.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has entered into any service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation). All Directors have entered into service contracts with the Company, all with a term of three years.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 39 to the consolidated financial statements, no contract of significance, to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at 31 December 2025 or at any time during the year ended 31 December 2025.

MANAGEMENT CONTRACT

During the year ended 31 December 2025, no contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed.

PERMITTED INDEMNITY PROVISIONS

During the year ended 31 December 2025 and up to the date of this annual report, the Company has in force the permitted indemnity provisions which are provided for in the Bye-laws and in the directors and officers liability insurance maintained for the Group in respect of potential liability and costs associated with legal proceedings that may be brought against the Directors and the directors of the Company's subsidiaries respectively.

CONTRACT OF SIGNIFICANCE

Save as disclosed under the section headed "CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS" in this Directors' Report:

(i) No contracts of significance in relation to the business of the Group, to which the Company or any of its subsidiaries was a party and in which a controlling shareholder of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the year ended 31 December 2025 or at any time during the year ended 31 December 2025; and

(ii) No contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries subsisted at the year ended 31 December 2025 or at any time during the year ended 31 December 2025.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or any of their respective associates has any interests in any businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group that are required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management of the Group are set out on pages 57 to 63 of this annual report.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

A summary of the Company's Directors' and senior management's remuneration is set out in notes 11 and 39(a) to the consolidated financial statements respectively.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code.

SHARE OPTION SCHEME

As at 31 December 2025, the Company does not have any share option scheme following the expiration of its previous share option scheme on 21 May 2023 (which has a term of 10 years and was adopted pursuant to a resolution passed on 21 May 2013) and there was no share option available for grant under any scheme mandate. No share option was granted to any person as required to be disclosed under Rule 17.07 of the Listing Rules during the year ended 31 December 2025 and the Company had no share option remain outstanding as at 31 December 2025.

ARRANGEMENTS FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2025 was the Company, its holding company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CORPORATE GOVERNANCE

Details of the corporate governance practices of the Company are set out in the section headed "CORPORATE GOVERNANCE REPORT" in this annual report.

AUDIT COMMITTEE

The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Li Ka Fai, David, *M.H.* (Committee Chairman), Mr. Doo Wai-Hoi, William, *B.B.S., J.P.* and Dr. Fan Ren Da, Anthony.

During the year ended 31 December 2025, the Audit Committee has reviewed the re-appointment, appointment and resignation of the external auditor, including its independence and objectivity, the scope of audit services and related audit fees payable to the external auditor for the Board's approval. The Audit Committee has also reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2025 and the audited final financial statements of the Group for the year ended 31 December 2025 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group, risk management, internal audit, internal controls and financial reporting matters of the Group. The Audit Committee also reviewed the progress report on the preparation of the Environmental, Social and Governance report and recommend the Environmental Social and Governance Report to the Board for consideration and approval.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Certain related party transactions as set out in notes 39 to the consolidated financial statements are connected transactions and/or continuing connected transactions under the Listing Rules. Details of the connected transaction and continuing connected transactions of the Company, which is also related party transaction as disclosed in notes 39 to the consolidated financial statements, required to be disclosed under Chapter 14A of the Listing Rules are set out below. All other transactions as shown in the said notes are connected transactions exempted from all disclosure requirements under Chapter 14A of the Listing Rules.

(i) Continuing Connected Transaction in Relation to Property Leasing Agreement ("Continuing Connected Transaction")

On 29 July 2025, SUD, a subsidiary of the Company, entered into a lease agreement ("**Property Leasing Agreement**") with the Shanghai Real Power and Shanghai Ruisheng ("**Tenants**") for the lease (the "**Property Leasing**") of Units 304 to 308, Urban Development International Tower, No. 355 Hongqiao Road, Xuhui District, Shanghai, China (the "**Premises**"). Details of the Property Leasing Agreement are as follows:

Term: From 1 September 2025 to 31 May 2031 (both days inclusive)

Rent:

(i) From 1 June 2025 (being the date SUD commences the preparation works at the Premises for the lease) to 31 December 2025: RMB1,867,317.20 per annum.

(ii) From 1 January 2026 to 31 December 2030: RMB2,849,572.40 per annum.

(iii) From 1 January 2031 to 31 May 2031: RMB1,424,786.20 per annum.

Rent is payable quarterly.

Aggregate Amounts: During the year ended 31 December 2025, the aggregate amount paid by the Tenants to SUD was RMB1,321,000 which did not exceed the annual cap of RMB2,098,000 for the year ended 31 December 2025 ("**Annual Caps**").

SIIC (being a controlling shareholder of the Company) is the representative authorized to exercise state-owned shareholder's right over SIIC Shanghai. SIIC, through its wholly-owned subsidiary and another wholly-owned subsidiary of SIIC Shanghai, holds in aggregate more than 30% in each of the Tenants. Accordingly, each of the Tenants is an associate of SIIC and a connected person of the Company and hence the entering into of the Property Leasing Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) calculated based on the Annual Caps exceeded 0.1% but all of them were less than 5%, the entering into the Property Leasing Agreement and the transactions contemplated thereunder constituted continuing connected transactions of the Company which were subject to the reporting, announcement and annual review requirements but were exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the duration of the Property Leasing Agreement exceeded three years, pursuant to Rule 14A.52 of the Listing Rules, the Company had engaged the Independent Financial Adviser to explain why a longer period for the Property Leasing Agreement was required and the Independent Financial Adviser had confirmed that it was normal business practice for agreements of similar nature to be of such duration.

The leasing of Units 304 to 308 at Urban Development International Tower by SUD to the Tenants increases the occupancy rate and provides a stable and predictable stream of rental income to the Group, contributing positively to the Group's recurring revenue base and enhances cash flow stability. The Premises are high-quality office spaces located in a prime area of Shanghai, and equipped with modern facilities. Securing reputable tenants for these units supports the Group's business development objectives and enhances the profile of Urban Development International Tower as a preferred office location. The presence of established financial and investment management companies as tenants is expected to attract further high-quality tenants to the building.

The Directors (including the independent non-executive Directors) were of the view that the Property Leasing Agreement was entered into in the ordinary and usual course of business of the Group and upon normal commercial terms or better to the Group, and the terms of the Property Leasing Agreement were fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

For further information about the Property Leasing, please refer to the announcement of the Company dated 29 July 2025.

(ii) Connected Transaction in Relation to Disposal of Equity Interest in an Associate

On 13 November 2025, SIUD Shanghai Healthcare Management, an indirect wholly-owned subsidiary of the Company, entered into the equity transfer agreement (the "**Equity Transfer Agreement**") with Shanghai Huashi and Shanghai Lingfeng Medical pursuant to which Shanghai Huashi and SIUD Shanghai Healthcare Management conditionally agreed to sell, and Shanghai Lingfeng Medical conditionally agreed to purchase, the Equity Interest, representing 49% in Shanghai Shangshi Medical in aggregate, for a total consideration of RMB73,598,000 (the "**Disposal**").

Shanghai Shangshi Medical is a company with limited liability incorporated in the PRC. Before completion of the Disposal, Shanghai Shangshi Medical was owned as to 51%, 30% and 19% by Shanghai Lingfeng Medical, Shanghai Huashi and SIUD Shanghai Healthcare Management, respectively. Shanghai Shangshi Medical is principally engaged in the development and operation of a medical beauty institution in Shanghai and engages Shanghai No. 9 People's Hospital to provide Management Services in accordance with the Management Agreement.

The Group's 19% indirect interest in Shanghai Shangshi Medical was classified as investment in an associate in the consolidated financial statement of the Company. Upon completion of the Disposal, the Company ceased to have any interest in Shanghai Shangshi Medical, which became wholly owned by Shanghai Lingfeng Medical. Shanghai Shangshi Medical ceased to be an associate of the Company.

Shanghai Lingfeng Medical is a wholly-owned subsidiary of SIIC (being the controlling shareholder of the Company), and Shanghai Huashi is a wholly-owned subsidiary of Shanghai Pharmaceutical (Group) and Shanghai Pharmaceutical (Group) is a subsidiary of SIIC Shanghai, with SIIC as the authorised representative exercising state-owned shareholder's right over SIIC Shanghai. As such, each of Shanghai Lingfeng Medical and Shanghai Huashi was an associate of SIIC and a connected person of the Company and hence the Disposal constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios exceeded 0.1% but all of them were less than 5%, the Disposal was subject to the reporting and announcement requirements but was exempt from the circular and independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The Disposal enabled the Group to recover and redeploy capital, streamline its investment portfolio and focus resources on its principal businesses, thereby enhancing operational efficiency and capital discipline. The Disposal was consistent with the Group's ongoing strategy to optimise asset allocation, improve cash flow and concentrate on core business development, supporting the Group's long-term, sustainable growth.

The Directors (including the independent non-executive Directors) were of the view that despite the Disposal was not in the ordinary and usual course of business of the Group, the terms of the Equity Transfer Agreement were on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

For further information about the Disposal, please refer to the announcement of the Company dated 13 November 2025.

Independent Auditor's Letter on Continuing Connected Transaction

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

The auditor's letter has confirmed that nothing has come to their attention that has caused them to believe that the above Continuing Connected Transaction:

(i) have not been approved by the Board;

(ii) for the transactions involving the provision of goods or services by the Group, were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the continuing connected transactions; and

(iv) with respect to the above Continuing Connected Transaction, has exceeded their respective Annual Caps set by the Company and disclosed in the relevant announcement of the Company dated 29 July 2025.

In respect of the above Continuing Connected Transaction, the Company has followed the policies and guidelines as laid down in the guidance letter HKEX-GL73–14 issued by the Stock Exchange when determining the price and terms of the transactions conducted during the financial year ended 31 December 2025.

Confirmation of Independent Non-executive Directors on Continuing Connected Transaction

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the above Continuing Connected Transaction and the Auditor's Letter and have confirmed that such transaction has been entered into by the Company:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the terms of the agreement governing such transaction that are fair and reasonable and in the interests of the Shareholders as a whole.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, substantial Shareholders and other persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and entered in the register required to be kept by the Company pursuant to Section 336 of the SFO, or otherwise notified to the Company were as follows:

Ordinary shares of HK$0.04 each of the Company

Name of substantial shareholders	Capacity	Number of shares of the Company held	Approximate% of the issued share capital of the Company
SIHL	Held by controlled corporation	2,111,229,080(L)[1,2,3]	44.16%
SIIC	Held by controlled corporation	3,367,223,977(L)[1,2,3,4]	70.44%

Notes:

1. L denotes long positions.

2. These include 2,061,229,080 shares of the Company held by S.I. Smart Charmer Limited and 50,000,000 shares of the Company that are deemed to be held by Novel Good Limited under the pledge described in note 3 below. As S.I. Smart Charmer Limited and Novel Good Limited are both wholly-owned subsidiaries of SIHL, which is in turn controlled by SIIC, SIHL and SIIC are deemed or taken to be interested in the interests in the shares of the Company held by S.I. Smart Charmer Limited and Novel Good Limited.

3. These interests include 50,000,000 shares of the Company (short positions) held by Invest Gain Limited (a company beneficially and wholly owned by Mr. Li Song Xiao who ceased to be a substantial shareholder of the Company during the year ended 31 December 2011) which are pledged to Novel Good Limited. Therefore, SIHL and SIIC are deemed or taken to be interested in these 50,000,000 shares of the Company.

4. SIIC, through Shanghai Investment Holdings Limited (a subsidiary of SIIC) held approximately 55.13% of the shares of SIHL. Therefore, SIIC is deemed or taken to be interested in the 2,111,229,080 shares of the Company held by SIHL for the purpose of the SFO. On the other hand, SIIC is also deemed or taken to be interested in the 1,255,994,897 shares of the Company held by its subsidiaries, namely SIIC Trading Company Limited, Shanghai Industrial Financial Holdings (Hong Kong) Company Limited, SIIC CM Development Limited, SIIC Capital (B.V.I.) Limited and Shanghai Investment Holdings Limited.

Save as disclosed herein, as at 31 December 2025, the Company had not been notified by any persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of SFO.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers comprised approximately 2.7% of the Group's total revenue for the year ended 31 December 2025 and the sales attributable to the Group's largest customer were approximately 0.6% of the Group's total revenue for the year ended 31 December 2025.

The aggregate purchases attributable to the Group's five largest suppliers comprised approximately 34.8% of the Group's total purchases of the year ended 31 December 2025 and the purchases attributable to the Group's largest supplier were approximately 24.3% of the Group's total purchases for the year ended 31 December 2025.

None of the Directors, their associates or any Shareholders which, to the knowledge of the Directors, owned more than 5% of the issued share capital of the Company, had any interest in the share capital of any of the five largest customers and suppliers of the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2025.

AUDITOR

Messrs. Deloitte Touche Tohmatsu ("**Deloitte**") resigned as the auditor of the Company with effect from 10 October 2025. Ernst &Young ("**EY**") was appointed as the new auditor of the Company to fill the casual vacancy following the resignation of Deloitte on 10 October 2025 and to hold office until the conclusion of the next annual general meeting (i.e. 2026 AGM) of the Company. For further details, please refer to the announcement of the Company dated 10 October 2025.

Saved as disclosed above, there has been no other changes of auditor of the Company in any of the preceding three years.

The financial statements for the year ended 31 December 2025 of the Group have been audited by EY who will retire and being eligible, offering itself for re-appointment. A resolution for the reappointment of EY as the auditor of the Company will be proposed at the 2026 AGM.

NON-COMPETE UNDERTAKING

In order to address any future competition between the respective development businesses of SIIC, SIHL and the Group, SIIC and SIHL have entered into a deed of non-competition (the "**Non-compete Undertaking**") dated 28 October 2011 in favor of the Company for itself and on behalf of the subsidiaries, pursuant to which each of SIIC and SIHL has undertaken to the Company that, conditional upon completion of the Transactions and during the Non-Compete Period (as defined in the circular of the Company dated 31 October 2011 (the "**Circular**"), other than the SIHL Excluded Business and the SIIC Excluded Business (both as defined in the Circular), each of them will not carry on, engage, invest, participate or otherwise be interested in any business of property development in the PRC which is in competition, directly or indirectly, with the restricted business of the Group. The details and particulars of the Non-compete Undertaking are set out in the Circular.

The Group has received from both SIIC and SIHL annual declarations that both of them have complied with the undertakings under the Non-compete Undertaking. The independent non-executive Directors of the Company have reviewed each of SIIC and SIHL's compliance as aforesaid.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since the date of the Company's 2025 Interim Report and up to the date of this annual report are set out as follows:

(a) Dr. Fan Ren Da, Anthony ceased to be the member of the nomination committee of Semiconductor Manufacturing International Corporation (a company listed on the Stock Exchange with stock code: 981), but remains an independent non-executive director, chairman of the compensation committee and member of the audit committee, with effect from 8 May 2025;

(b) Dr. Chan Ho Wah, Terence was appointed as the independent non-executive director, chairperson of the remuneration and appraisal committee, members of the audit committee and nomination committee of Kunming Dianchi Water Treatment Co., Ltd. (a company listed on the Stock Exchange with stock code: 3768) with effect from 26 September 2025;

(c) Ms. Zhou Yadong was appointed as a member of the nomination committee of the Company with effect from 12 November 2025;

(d) Dr. Chan Ho Wah, Terence was appointed as a member of the nomination committee of the Company with effect from 12 November 2025; and

(e) Dr. Chan Ho Wah, Terence was re-designated as the chairman of the audit committee of Wang On Properties Limited (a company listed on the Stock Exchange with stock code: 1243), while remains as an independent non-executive director, chairman of the remuneration committee and member of the nomination committee, with effect from 14 November 2025.

DONATIONS

During the year ended 31 December 2025, the Group made charitable donations of RMB400,000 (equivalent to approximately HK$434,000).

APPRECIATION

I would like to express my sincere gratitude to the Board, our management and all our staff for their dedicated efforts during this year as well as to our customers, suppliers, business partners and Shareholders for their continued enthusiastic support to our Group.

By order of the Board of
Shanghai Industrial Urban Development Group Limited
Huang Haiping
Chairman

Hong Kong, 24 March 2026

FINANCIAL
STATEMENTS

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of
Shanghai Industrial Urban Development Group Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Shanghai Industrial Urban Development Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 82 to 175, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

Key audit matters	How our audit addressed the key audit matter
Valuation of investment properties	
The Group owned investment properties in Chinese mainland, including completed investment properties and investment properties under construction, which were measured at fair value and their aggregate carrying amount was approximately HK$21,784,418,000, which represented 46% of the Group's total assets, as at 31 December 2025. The Group engaged Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent qualified professional valuer to perform the valuations of the aforementioned properties as at 31 December 2025. Significant judgement and estimates were required to determine the fair values of the investment properties, which reflected market conditions as at the end of the reporting period. The fair value of investment properties was determined using the income approach by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Changes in these assumptions would have significant effects on the valuation of the investment properties. Accordingly, the valuation of the investment properties was identified as a key audit matter. The accounting policies and disclosures of the investment properties were included in note 2.4, note 3 and note 14 to the consolidated financial statements.	We obtained an understanding of management's internal control and process in the valuation of investment properties. We evaluated the competency, independence and objectivity of external valuers. We obtained an understanding of the valuation approach and key assumptions used by external valuers. We assessed the validity of the property related data used as inputs for the valuations and involved our internal valuation experts to assist us in evaluating the valuation methodology and the underlying assumptions. We have evaluated the source data used in the valuation by benchmarking them to the relevant market information on a sampling basis. We assessed the disclosures related to the valuation of investment properties in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Key audit matters	**How our audit addressed the key audit matter**
Provision for properties held-for-sale ("PHS") and properties under development for sale ("PUD")	
The Group had PUD and PHS of approximately HK$5,839,583,000 and HK$6,897,945,000, respectively, as at 31 December 2025, which represented 12% and 15% of the Group's total assets, respectively. The carrying amounts of PUD and PHS are stated at the lower of cost and net realisable value. The determination of net realisable values (the "NRVs") of the PUD and PHS involved critical accounting estimates on the selling price, costs to make the sale and, for PUD, the costs to completion. The net realisable value of the Group's certain PHS and PUD has been arrived at on the basis of valuation carried out by JLL. Given the significant balance of PUD and PHS and the involvement of critical accounting estimates, the assessment of the NRVs of PUD and PHS was considered as a key audit matter. The accounting policies and disclosures of the PUD and PHS were included in note 2.4, note 3, note 24 to the consolidated financial statements.	We assessed and evaluated the design and operating effectiveness of the key controls of management in the assessment of NRVs for PUD and PHS. We evaluated the competency, independence and objectivity of the external valuers. We obtained an understanding of the valuation approach and key assumptions used by the external valuers. In assessing the NRVs of the PUD and PHS, we evaluated, on a sampling basis, the reasonableness of their estimated selling price based on the current market price of properties of comparable locations and conditions, pre-sale agreement entered into by the Group during the year (if applicable), and involved our internal valuation experts to assist us in evaluating the methodology and key assumptions adopted in the NRVs assessments. We also evaluated management's assessment of the estimated cost to make the sale by comparing with the average historical costs to make the sales of the Group. For construction costs to be incurred to complete PUD, we obtained an understanding of management's process in estimating the future costs to completion for the PUD and assessed the reasonableness of the budgeted construction costs, on a sampling basis, by checking to construction contracts and other relevant documents. We assessed the disclosures related to the provision for impairment of PUD and PHS in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

OTHER INFORMATION INCLUDE IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lin Yang (practising certificate number: P08075).

Ernst & Young
Certified Public Accountants
Hong Kong

24 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	NOTES	2025 HK$'000	2024 HK$'000
REVENUE			
Goods and services	5	2,864,367	11,646,525
Leases	5	803,557	793,844
Total revenue		3,667,924	12,440,369
Cost of sales		(2,935,662)	(10,309,661)
Gross profit		732,262	2,130,708
Other income	6	46,682	109,696
Other expenses, gains and losses, net, including expected credit losses of financial assets	7	(73,076)	(301,378)
Fair value loss on investment properties, net	14	(155,741)	(703,073)
Distribution and selling expenses		(305,539)	(233,746)
General and administrative expenses		(365,977)	(358,415)
Finance costs	8	(546,923)	(549,273)
Share of results of associates		(24,430)	97,984
Share of results of joint ventures		(32,143)	22,595
(Loss)/profit before tax		(724,885)	215,098
Income tax expense	9	(363,904)	(587,926)
Loss for the year	10	(1,088,789)	(372,828)
Loss for the year attributable to:			
Owners of the Company		(961,892)	(331,190)
Non-controlling interests		(126,897)	(41,638)
Loss per share attributable to equity holders of the Company for the year		(1,088,789)	(372,828)
Basic and diluted(HK cents)		(20.12)	(6.93)
Other comprehensive income/(expense) for the year			
Items that may be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		992,387	(845,118)
Items that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		(170,814)	151,722
Fair value gain/(loss) on equity instruments at fair value through other comprehensive income, net of tax		2,630	(161)
Revaluation of properties upon transfer of property, plant and equipment to investment properties, net of tax		3,863	10,541
Other comprehensive income/(expense) for the year		828,066	(683,016)
Total comprehensive expense for the year		(260,723)	(1,055,844)
Attributable to:			
Owners of the Company		(372,639)	(842,867)
Non-controlling interests		111,916	(212,977)
		(260,723)	(1,055,844)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	NOTES	2025 HK$'000	2024 HK$'000
Non-current assets			
Investment properties	14	**21,784,418**	20,645,374
Property, plant and equipment	15	**1,670,581**	1,914,084
Right-of-use assets	16	**479,356**	541,527
Goodwill	17	**23,604**	23,604
Intangible assets	18	**56,993**	54,478
Interests in associates	19	**1,632,286**	1,621,690
Interests in joint ventures	20	**2,449,488**	2,388,549
Amount due from a related company	39	**–**	157,329
Equity instruments at fair value through other comprehensive income	21	**26,135**	22,600
Restricted and pledged bank deposits	22	**149,180**	57,940
Deferred tax assets	30	**93,121**	105,535
		28,365,162	27,532,710
Current assets			
Inventories	23	**438**	1,214
Properties under development for sale and properties held-for-sale	24	**12,737,528**	14,578,442
Trade and other receivables	25	**929,471**	1,018,547
Amounts due from related companies	39	**1,710**	1,618
Prepaid income tax and land appreciation tax		**492,979**	482,302
Restricted and pledged bank deposits	22	**9,485**	27,153
Bank balances and cash	22	**4,571,721**	5,342,774
		18,743,332	21,452,050
Current liabilities			
Trade and other payables	26	**4,325,142**	6,399,189
Amounts due to related companies	39	**579,597**	675,921
Pre-sale proceeds received on sales of properties	27	**509,437**	1,106,886
Bank and other borrowings	28	**8,123,276**	8,487,763
Lease liabilities	29	**17,214**	21,215
Income tax and land appreciation tax payables		**803,636**	1,246,150
Dividends payable		**23,641**	23,641
		14,381,943	17,960,765
Net current assets		**4,361,389**	3,491,285
Total assets less current liabilities		**32,726,551**	31,023,995

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	2025 HK$'000	2024 HK$'000
Non-current liabilities			
Deferred revenue	26	**25,808**	25,456
Bank and other borrowings	28	**11,234,605**	9,315,464
Lease liabilities	29	**113,981**	127,235
Deferred tax liabilities	30	**2,548,339**	2,445,836
		13,922,733	11,913,991
Net assets		**18,803,818**	19,110,004
Capital and reserves			
Share capital	31	**191,217**	191,217
Reserves	32	**12,463,890**	12,837,169
Equity contributable to owners of the Company		**12,655,107**	13,028,386
Non-controlling interests		**6,148,711**	6,081,618
		18,803,818	19,110,004

Mr. Huang Haiping
Director

Mr. Li Zhonghui
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the Company													
	Share capital HK$'000 Note 31	Share premium HK$'000	Contributed surplus HK$'000 Note 32	Other revaluation reserve HK$'000 Note 32	Properties revaluation reserve HK$'000 Note 32	Investment revaluation reserve HK$'000 Note 32	Statutory surplus reserve HK$'000 Note 32	Shareholder's contribution/ merger reserve HK$'000 Note 32	Other reserve HK$'000 Note 32	Exchange reserve HK$'000 Note 32	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2024	191,659	8,302,292	505,326	5,849	–	633	1,148,075	2,159,430	(130,714)	(353,375)	2,181,794	14,010,969	6,497,525	20,508,494
Loss for the year	–	–	–	–	–	–	–	–	–	–	(331,190)	(331,190)	(41,638)	(372,828)
Other comprehensive income/(expense) for the year														
Items that may be reclassified to profit or loss:														
Exchange differences on translation from functional currency to presentation currency	–	–	–	–	–	–	–	–	–	(669,523)	–	(669,523)	(175,595)	(845,118)
Items that will not be reclassified to profit or loss:														
Exchange differences on translation from functional currency to presentation currency	–	–	–	–	–	–	–	–	–	151,722	–	151,722	–	151,722
Fair value loss on equity instruments at fair value through other comprehensive income, net of tax	–	–	–	–	–	(95)	–	–	–	–	–	(95)	(66)	(161)
Revaluation of properties upon transfer of property, plant and equipment to investment properties, net of tax	–	–	–	–	6,219	–	–	–	–	–	–	6,219	4,322	10,541
Total comprehensive income/(expense) for the year	–	–	–	–	6,219	(95)	–	–	–	(517,801)	(331,190)	(842,867)	(212,977)	(1,055,844)
Liquidation of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(5,206)	(5,206)
Transfer upon liquidation of a subsidiary	–	–	–	(8,933)	–	–	(2,065)	–	–	1,209	9,789	–	–	–
Dividends recognised as distributions (Note 43)	–	–	(138,632)	–	–	–	–	–	–	–	–	(138,632)	–	(138,632)
Dividends declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(194,885)	(194,885)
Repurchase of ordinary shares (Note 31)	–	(3,914)	–	–	–	–	–	–	–	–	–	(3,914)	–	(3,914)
Cancellation of ordinary shares repurchased (Note 31)	(442)	442	–	–	–	–	–	–	–	–	–	–	–	–
Transaction costs attributable to repurchase of ordinary shares (Note 31)	–	(9)	–	–	–	–	–	–	–	–	–	(9)	–	(9)
Transfer	–	–	–	–	–	–	36,732	–	–	–	(36,732)	–	–	–
Transfer upon disposal of investments in equity instruments at fair value through other comprehensive income	–	–	–	–	–	(4,086)	–	–	–	–	6,925	2,839	(2,839)	–
At 31 December 2024 and 1 January 2025	191,217	8,298,811	366,694	(3,084)	6,219	(3,548)	1,182,742	2,159,430	(130,714)	(869,967)	1,830,586	13,028,386	6,081,618	19,110,004
Loss for the year	–	–	–	–	–	–	–	–	–	–	(961,892)	(961,892)	(126,897)	(1,088,789)
Other comprehensive income/(expense) for the year														
Items that may be reclassified to profit or loss:														
Exchange differences on translation from functional currency to presentation currency	–	–	–	–	–	–	–	–	–	756,236	–	756,236	236,151	992,387
Items that will not be reclassified to profit or loss:														
Exchange differences on translation from functional currency to presentation currency	–	–	–	–	–	–	–	–	–	(170,814)	–	(170,814)	–	(170,814)
Fair value gain on equity instruments at fair value through other comprehensive income, net of tax	–	–	–	–	–	1,552	–	–	–	–	–	1,552	1,078	2,630
Revaluation of properties upon transfer of property, plant and equipment to investment properties, net of tax	–	–	–	–	2,279	–	–	–	–	–	–	2,279	1,584	3,863
Total comprehensive income/(expense) for the year	–	–	–	–	2,279	1,552	–	–	–	585,422	(961,892)	(372,639)	111,916	(260,723)
Liquidation of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(688)	(688)
Dividends declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(43,690)	(43,690)
Transfer	–	–	–	–	–	–	14,741	–	–	–	(14,741)	–	–	–
Transfer upon disposal of investments in equity instruments at fair value through other comprehensive income	–	–	–	–	–	–	–	–	–	–	(640)	(640)	(445)	(1,085)
At 31 December 2025	191,217	8,298,811	366,694	(3,084)	8,498	(1,996)	1,197,483	2,159,430	(130,714)	(284,545)	853,313	12,655,107	6,148,711	18,803,818

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	NOTES	2025 HK$'000	2024 HK$'000
OPERATING ACTIVITIES			
(Loss)/profit before tax	10	(724,885)	215,098
Adjustments for:			
Fair value loss on investment properties, net	14	155,741	703,073
Depreciation on property, plant and equipment	15	118,659	124,752
Depreciation of right-of-use assets	16	43,236	32,107
Gain/(loss) on disposal of property, plant and equipment, net	7	219	(352)
Finance costs	8	546,923	549,273
Interest income	6	(11,275)	(34,134)
Impairment loss recognised on interest in a joint venture	7	—	117,641
Gain on disposal of interest in associates	7	(8,888)	—
Gain on disposal of interest in a joint venture	7	—	(183)
Gain on payable settlement		(154,689)	—
Impairment loss recognised on properties under development for sale and properties held-for-sale	24	525,360	744,998
Recognition of expected credit loss allowance, net		248,289	289,189
Share of results of associates	19	24,430	(97,984)
Share of results of joint ventures	20	32,143	(22,595)
Unrealised foreign exchange loss		15,520	17,945
Operating cash flows before movements in working capital		810,783	2,638,828
Decrease in inventories, properties under development for sale and properties held-for-sale		1,968,190	6,788,539
Decrease in trade and other receivables		279,132	37,666
Decrease in trade and other payables		(2,246,510)	(161,103)
(Decrease)/increase in amounts due to related companies		(9,466)	16,041
Decrease in pre-sale proceeds received on sales of properties		(631,771)	(7,007,867)
Cash generated from operations		170,358	2,312,104
Income tax paid		(827,765)	(1,458,986)
Net cash (used in)/from operating activities		(657,407)	853,118

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTES	2025 HK$'000	2024 HK$'000
INVESTING ACTIVITIES			
Proceeds from disposal of interest in a joint venture		—	3,447
Proceeds from disposal of interest in associates		47,073	—
Purchase of property, plant and equipment		(8,645)	(142,905)
Proceeds from disposal of property, plant and equipment		822	1,152
Development costs paid for investment properties		(30,343)	(366,474)
Proceeds from disposal of equity instruments at fair value through other comprehensive income		—	19,693
Increase in restricted and pledged bank deposits		(67,811)	(42,517)
Financial guarantee paid on behalf of a joint venture		(138,925)	—
Repayments from related companies		—	208
Dividends received from a joint venture		16,267	—
Interest received		11,275	34,134
Net cash used in investing activities		(170,287)	(493,262)
FINANCING ACTIVITIES			
Proceeds from new bank and other borrowings		9,012,234	4,042,938
Repayments of bank and other borrowings		(8,284,491)	(3,687,377)
Repayments of lease liabilities		(27,657)	(42,199)
Repayments to related companies		(122,177)	(123,502)
Transaction costs attributable to issue of domestic corporate bonds and medium term notes		(6,352)	(2,611)
Payments on repurchase of ordinary shares		—	(3,914)
Transaction costs attributable to repurchase of ordinary shares		—	(9)
Dividends paid to non-controlling shareholders		(43,690)	(194,885)
Dividends paid		—	(137,173)
Distribution after liquidation of a subsidiary		(688)	(5,206)
Interest paid		(589,192)	(640,278)
Net cash used in financing activities		(62,013)	(794,216)
Net decrease in cash and cash equivalents		(889,707)	(434,360)
Cash and cash equivalents at the beginning of the year		5,342,774	5,985,911
Effect of foreign exchange rate changes		118,654	(208,777)
Cash and cash equivalents represented by bank balances and cash at the end of the year		4,571,721	5,342,774

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2025

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Bermuda under the Companies Act 1981 of Bermuda (as amended) as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate holding company is S.I. Smart Charmer Limited (a private limited company incorporated in the British Virgin Islands ("BVI")), its intermediate holding company is SIHL (incorporated in Hong Kong and listed on the Stock Exchange) and its ultimate holding company is SIIC (a private limited company incorporated in Hong Kong). The registered office address of the Company is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda.

The principal activities of the Group are development of residential and commercial properties, property investment and hotel operations in the Chinese mainland.

Information about subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2025 are set out below:

Name of subsidiaries	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/registered capital	Percentage of equity attributable to the Company	Principal activities
Directly held:				
Richspeed Investment Limited	BVI	US$1	100%	Investment holding
NEO-CHINA PROPERTY LIMITED	BVI	US$1	100%	Investment holding
Silvery Champ Limited	BVI	US$1	100%	Investment holding
Indirectly held:				
深圳鳳凰置業有限公司 (note (i))	the People's Republic of China (the "PRC") /Chinese mainland	US$10,000,000	82%	Property investment
中置(北京)企業管理有限公司 (note (ii))	PRC/Chinese mainland	HK$200,000,000	100%	Investment holding
北京新松房地產開發有限公司 (note (i))	PRC/Chinese mainland	RMB190,000,000	100%	Property development and investment
北京市御水苑房地產開發有限責任公司 (note (iii))	PRC/Chinese mainland	RMB80,782,240	100%	Property development
北京新松置地投資顧問有限公司 (note (iii))	PRC/Chinese mainland	RMB30,000,000	100%	Investment holding
西安中新滻灞歐亞酒店發展有限公司 (note (iii))	PRC/Chinese mainland	RMB50,000,000	100%	Hotel operations
西安中新永佳房地產開發有限公司 (note (iii))	PRC/Chinese mainland	RMB50,000,000	100%	Property development
西安中新沁園房地產開發有限公司 (note (iii))	PRC/Chinese mainland	RMB10,000,000	100%	Property development
西安中新華勝房地產開發有限公司 (note (iii))	PRC/Chinese mainland	RMB10,000,000	100%	Property development, property investment and hotel operations
西安中新榮景房地產開發有限公司 (note (iii))	PRC/Chinese mainland	RMB10,000,000	100%	Property development
西安中新永景房地產開發有限公司 (note (iii))	PRC/Chinese mainland	RMB10,000,000	100%	Property development
西安城開新源置業有限公司 (note (iii))	PRC/Chinese mainland	RMB1,000,000,000	100%	Property development
重慶中華企業房地產發展有限公司 (note (iii))	PRC/Chinese mainland	RMB500,000,000	100%	Property development and investment
天津中新濱海房地產開發有限公司 (note (ii))	PRC/Chinese mainland	HK$100,000,000	100%	Property development
天津中新華安房地產開發有限公司(note (ii))	PRC/Chinese mainland	RMB240,000,000	100%	Property development

1. GENERAL INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name of subsidiaries	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/registered capital	Percentage of equity attributable to the Company	Principal activities
Indirectly held: (Continued)				
天津中新華城房地產開發有限公司 (note (ii))	PRC/Chinese mainland	RMB80,000,000	100%	Property investment
天津中新嘉業房地產開發有限公司 (note (ii))	PRC/Chinese mainland	RMB120,000,000	100%	Property investment
天津中新信捷房地產開發有限公司 (note (ii))	PRC/Chinese mainland	RMB240,000,000	100%	Property development
天津凱津商品房銷售有限公司 (note (iii))	PRC/Chinese mainland	RMB210,000,000	100%	Property development
天津卓城房地產開發有限公司 (note (iii))	PRC/Chinese mainland	RMB1,500,000,000	100%	Property development
上海九久廣場投資開發有限公司 (note (iii))	PRC/Chinese mainland	RMB226,160,000	100%	Property investment
上海城開晶享置業有限公司 (note (iii))	PRC/Chinese mainland	RMB480,600,000	59%	Property development and investment
上海城瀧置業有限公司 (note (iii))	PRC/Chinese mainland	RMB400,000,000	59%	Property development and investment
Advantage World Investment Limited ("AWI") (note (iv))	BVI	US$100	51%	Investment holding
上海城寰企業管理諮詢有限公司 (note (iii))	PRC/Chinese mainland	RMB100,000	100%	Investment holding
上海市上投房地產投資有限公司 Shanghai Shangtou Real Restate (note (iii))	PRC/Chinese mainland	RMB770,000,000	100%	Investment holding
上海上投寶旭置業有限公司 (notes (iii) and (vi))	PRC/Chinese mainland	RMB100,000,000	71.3%	Property development
上海上投新虹投資有限公司 (note (iii))	PRC/Chinese mainland	RMB50,000,000	90%	Property development and investment
上海上投閔賢置業有限公司 (note (iii))	PRC/Chinese mainland	RMB250,000,000	90%	Property development
上海城開宜浩房地產開發有限公司 (notes (iii) and (v))	PRC/Chinese mainland	RMB200,000,000	47.2%	Property development
上海城開青新房地產開發有限公司 (note (iii))	PRC/Chinese mainland	RMB100,000,000	59%	Property development
上海啟耀房地產開發有限公司 (note (iii))	PRC/Chinese mainland	RMB12,000,000	100%	Property development and investment
上海海輝房地產有限公司 (note (iii))	PRC/Chinese mainland	RMB4,500,000	100%	Property development
上海海輝物業管理有限公司 (note (iii))	PRC/Chinese mainland	RMB500,000	100%	Property management
上海城浩置業有限公司 (note (iii))	PRC/Chinese mainland	RMB2,400,000,000	80%	Property development
煙台卓實房地產開發有限公司 (note (iii))	PRC/Chinese mainland	US$90,000,000	100%	Property development
瀋陽向明 (note (i))	PRC/Chinese mainland	US$51,000,000	100%	Property development and investment
上海城開(集團)有限公司("SUD") (note (i))	PRC/Chinese mainland	RMB3,200,000,000	59%	Investment holding and property development
上海萬源房地產開發有限公司 (note (iii))	PRC/Chinese mainland	RMB300,000,000	53%	Property development and investment
上海城開(集團)無錫置業有限公司 (note (iii))	PRC/Chinese mainland	RMB1,991,850,000	59%	Property development and hotel operations
上海城開集團晶實置業有限公司 (note (iii))	PRC/Chinese mainland	RMB300,000,000	59%	Property development

1. GENERAL INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Notes:

(i) This company was established in the PRC in the form of Sino-foreign equity joint venture.

(ii) This company was established in the PRC in the form of wholly-owned foreign enterprise.

(iii) This company was established in the PRC in the form of limited liability company.

(iv) This company was established in the BVI in the form of limited liability company.

(v) 80% of the interest of this company was held by SUD.

(vi) 70% of the interest of this company was held by SUD and the remaining 30% was held indirectly by the Company through other wholly owned subsidiaries.

The above table only includes those subsidiaries which, in the opinion of the management of the Group, principally affected the results of the Group for the year or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would, in the opinion of the management of the Group, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and equity investments which have been measured at fair value.

The consolidated financial statements are presented in Hong Kong dollar ("HK$"), and all values are rounded to the nearest thousand except when otherwise indicated, which is different from the Company's functional currency of Renminbi ("RMB"), as the Company is listed on the Stock Exchange and most of its investors are located in Hong Kong.

Basis of consolidation

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

2. ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of Preparation (Continued)

Basis of consolidation (Continued)

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in Accounting Policies and Disclosures

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statement. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. The amendments did not have any impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

2.3 Issued But Not Yet Effective HKFRS Accounting Standards

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

HKFRS 18	*Presentation and Disclosure in Financial Statements*[2]
HKFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to HKFRS Accounting Standards — Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*[1]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued But Not Yet Effective HKFRS Accounting Standards (Continued)

As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued But Not Yet Effective HKFRS Accounting Standards (Continued)

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

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

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

- HKFRS 10 *Consolidated Financial Statements:* The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows:* The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

- HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Issued But Not Yet Effective HKFRS Accounting Standards (Continued)

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 Material Accounting Policies

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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

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

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Fair value measurement

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

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

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

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

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

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

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

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

Business combinations and goodwill

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Business combinations and goodwill (Continued)

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

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

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment, or more frequently of events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Revenue from contracts with customers

Revenue from sales of properties

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are with no alternative use. Based on the opinion from the management of the Group, taking into consideration of the relevant contract terms, legal environment and relevant legal precedent, the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sales of properties is therefore recognised when the respective properties have been completed and delivered to the customers which is a point in time when customers have the ability to direct the use of the properties and obtain substantially all of the remaining benefits of the properties and, at this point of time, the Group has present right to payment and collection of the consideration is probable.

Deposits received from customers, which represent certain percentage of the contract value when they sign the sale and purchase agreement, prior to meeting the revenue recognition criteria under HKFRS 15 are contract liabilities and included under current liabilities as pre-sale proceeds received on sales of properties in the consolidated statement of financial position. The management of the Group considers the advance payment schemes do not contain any significant financing component and, thus, no consideration is adjusted for the effects of time value of money.

The Group applied the practical expedient under HKFRS 15 of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Sales-related warranties associated with properties held-for-sale cannot be purchased separately and they serve as an assurance that the properties sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with HKAS 37 and the management of the Group considers that the impact of the after-sale warranties is insignificant with reference to the historical record.

Revenue from hotel operations

Revenue from hotel operations includes room rental, food and beverage sales and other ancillary services. The Group's performance obligation in relation to the hotel operations are considered to be granting customers a right to access hotel's facilities, products and services. The customers simultaneously receive and consume the benefits provided by the Group in running the hotels. Accordingly, the revenue from hotel operations is recognised over time.

Service income from property management

Revenue from provision of property management service is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation as the customers simultaneously receive and consume the benefits provided by the Group when the Group renders the service.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Leasehold land	20 to 50 years
Leased properties	3 to 10 years

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

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

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

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Leases (Continued)

Group as a lessor

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

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

Land use rights

Land use rights, which are accounted for in accordance with the accounting policies for right-of-use assets, are stated at cost less accumulated amortisation and accumulated impairment losses. Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated for periods varying from 20 to 50 years. Amortisation of land use rights is calculated on a straight-line basis over the period of the land use rights.

Investment properties

Investment properties are interest in land and buildings held to earn rentals and/or for capital appreciation, including properties under construction for such purposes and right-of-use assets.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Investment properties (Continued)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

If a property becomes an owner-occupied property because its use has been changed as evidenced by commencement of owner-occupation, the fair value of the property at the date of change in use is considered as the deemed cost for subsequent accounting.

Related parties

A party is considered to be related to the Group if:

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member the key management personnel of the Group or of a parent of the Group;

or

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

(iv) the entity and the Group are members of the same group;

(v) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(vi) the entity and the Group are joint ventures of the same third party;

(vii) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(viii) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(ix) the entity is controlled or jointly controlled by a person identified in (a);

(x) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(xi) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Hotel buildings and improvements	20–40 years
Hotel and other furniture and equipment	3–15 years
Leasehold improvements	5 years
Motor vehicles	5–10 years
Office premises and other buildings	20–30 years

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

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, properties under development for sale and properties held-for-sale, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

Bank balances and cash

Bank balances and cash presented on the consolidated statement of financial position include:

(a) cash, which comprises cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises (i) short-term (with a maturity of generally within three months) and highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and (ii) restricted deposits arising from pre-sale of properties that are held for meeting short-term cash commitments. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash and cash equivalents unless the restrictions result in a bank balance no longer meeting the definition of cash and cash equivalents. Contractual restrictions affecting use of bank balances are disclosed in Note 22.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Inventories

Inventories of the Group comprise inventories used in hotel.

Properties under development for sale and properties held-for-sale

Properties under development for sale which are intended to be sold upon completion of development and properties held-for-sale are classified as current assets. Properties under development for sale and properties held-for-sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the lasted development expenditure incurred and, where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development for sale are transferred to properties held-for-sale upon completion.

The Group transfers a property from properties held-for-sale to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Investments and other financial assets

Initial recognition and measurement

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

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

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

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

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

Financial assets at fair value through profit or loss (Continued)

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Impairment of financial assets

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

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

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Impairment of financial assets (Continued)

Simplified approach

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

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as bank and other borrowings, Medium term notes, corporate bonds, or payables, as appropriate.

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

The Group's financial liabilities include bank and other borrowings, corporate bonds and Medium term notes (collectively called "loans and borrowings"), lease liabilities, trade payables, other payables and accruals, and amounts due to related companies.

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, and borrowings)

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Financial liabilities (Continued)

Financial guarantee contracts

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Income tax

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Income tax (Continued)

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

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

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Other employee benefits

Pension schemes

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

The Group also operates defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong Under the scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by employees.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are expensed in the period in which they are incurred.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e., HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transactions are used. If any, are recognised in OCI and accumulated in equity under the heading of "exchange reserve" (attributed to the non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

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

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in Note 2, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements

The following is the critical judgement that the management of the Group has made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred tax on investment properties

For the purpose of measuring deferred taxation arising from investment properties that are measured using the fair value model, the management of the Group has reviewed the Group's investment property portfolios and concluded that certain of the Group's investment properties are held under a business model where objective is to consume substantially all of the economic benefits embodied in the investment properties over time rather than through sale. Therefore, in measuring the Group's deferred taxation on these investment properties, the management of the Group has determined the presumption that the carrying amounts of these investment properties are recovered entirely through sale is rebutted. As at 31 December 2025, the total carrying amount of these investment properties was HK$15,206,642,000 (2024: HK$14,624,322,000). For the investment properties on which the above mentioned presumption is not rebutted, the Group has further recognises deferred taxes on the PRC's land appreciation tax in respect of the changes in their fair values, where the additional tax is charged if a property in the PRC is recovered through sale. As at 31 December 2025, the total carrying amount of these investment properties was HK$6,577,776,000 (2024: HK$6,021,052,000).

Details about the Group's investment properties and deferred taxation in respect of changes in fair value of investment properties are set out in Notes 14 and 30 respectively.

Key sources of estimation uncertainty

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

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

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs to completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (Continued)

Estimation of fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by an independent qualified professional valuer. The determination of the fair value is dependent on certain significant unobservable inputs that involve judgement and estimation made by the management of the Group together with the valuer. Details of these are set out in Note 14.

The valuation of investment properties is arrived using the income approach by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate.

In relying on the valuation reports prepared by the valuer, the management of the Group has exercised the judgement and is satisfied that the method of valuation is reflective of the current market conditions. Changes to underlying assumptions of the valuation of the Group's investment properties, including the potential risk of any market violation, policy, geopolitical and social changes or other unexpected incidents as a result of changes in macroeconomic environment and policy direction of the PRC's government and increased complexity in international trade tensions and geopolitics, would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

The carrying amount of investment properties as at 31 December 2025 was HK$21,784,418,000 (2024: HK$20,645,374,000). The fair value of these investment properties may be higher or lower depending on the future market conditions.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each year. These non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable and test annually for intangible assets not subject to amortization. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (Continued)

Impairment of non-financial assets (other than goodwill) (Continued)

The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate to calculate the present value of those cash flows.

PRC corporate income tax ("CIT")

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and performance assessment focuses on revenue analysis. No other discrete financial information is provided other than the Group's result and financial position as a whole. Accordingly, only entity-wide disclosures, major customer and geographic information are presented.

The Group's operations are located in the PRC. All revenue and non-current assets, except for certain property and equipment, of the Group are generated from and located in the PRC. No revenue from a single customer amounted to over 10% of the total revenue of the Group for the years ended 31 December 2025 and 2024.

5. REVENUE

(i) Disaggregation of revenue from contracts with customers:

	2025 **HK$'000**	2024 HK$'000
Types of goods or services		
Sales of properties	**2,585,369**	11,351,331
Hotel operations	**260,170**	281,986
Property management	**18,828**	13,208
Total	**2,864,367**	11,646,525
Timing of revenue recognition		
A point in time	**2,585,369**	11,351,331
Over time	**278,998**	295,194
	2,864,367	11,646,525

All the revenue of the Group generated from contracts with customers are originated in the Chinese mainland.

5. REVENUE (CONTINUED)

(ii) Transaction price allocated to the remaining performance obligation for contracts with customers

The Group has elected to apply the practical expedient under HKFRS 15 for not disclosing the information of remaining performance obligation which are part of a contract that has an original expected duration of one year or less; or from satisfaction of which the Group recognises revenue in the amount, which the Group has the right to invoice, that corresponds directly with the value of the Group's performance completed to date to the customer. The transaction price allocated to the remaining performance obligation where the aforementioned practical expedient was not applicable as at 31 December 2025 was HK$588,564,000 (2024: HK$2,394,874,000), which related to contracted sales of properties. This amount represents the revenue expected to be recognised by the Group in the future when it satisfies the remaining performance obligation and approximately 86.6% (2024: 98.9%) of the amount is expected to be recognised as revenue within one year.

(iii) Leases

	2025 HK$'000	2024 HK$'000
Revenue arising from operating leases:	803,557	793,844

6. OTHER INCOME

	2025 HK$'000	2024 HK$'000
Interest income on bank deposits	11,275	34,134
Government grants	1,537	17,100
Management service income	10,717	30,455
Others	23,153	28,007
	46,682	109,696

7. OTHER EXPENSES, GAINS AND LOSSES, NET, INCLUDING EXPECTED CREDIT LOSSES OF FINANCIAL ASSETS

	2025 HK$'000	2024 HK$'000
Foreign exchange loss, net	**(10,966)**	(31,552)
(Loss)/gain on disposal of property, plant and equipment	**(219)**	352
Gain on disposal of interest in associates	**8,888**	—
Gain on disposal of interest in a joint venture	**—**	183
Impairment loss recognised on interest in a joint venture	**—**	(117,641)
Recognition of ECL allowance for financial assets at amortised cost and a financial guarantee contract, net	**(248,289)**	(289,189)
Compensation from settlement of a legal case	**—**	100,028
Gain on payable settlement	**154,689**	—
Others	**22,821**	36,441
	(73,076)	(301,378)

8. FINANCE COSTS

	2025 HK$'000	2024 HK$'000
Interests on bank and other borrowings	**574,295**	628,573
Interests on amounts due to related companies	**11,274**	24,850
Interests on lease liabilities	**3,595**	5,740
Total finance costs	**589,164**	659,163
Less: Amounts capitalised into properties under development for sale	**(42,241)**	(109,890)
	546,923	549,273

Borrowing costs capitalised arising on the pool of general borrowings were calculated by applying an applicable capitalisation rate to expenditure on qualifying assets.

9. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operated. Pursuant to the rules and regulations of Bermuda and the BVI, the Group is not subject to any income tax in these jurisdictions in respect of both years. No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits arising in, nor derived from, Hong Kong.

Subsidiaries of the Group operating in Chinese mainland were subject to PRC corporate income tax with a tax rate of 25% for the year.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Chinese mainland tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2025 HK$'000	2024 HK$'000
Current tax:		
PRC Corporate Income Tax ("CIT")	75,703	357,158
PRC Land Appreciation Tax ("LAT")	253,550	340,434
PRC withholding tax on dividend income	29,118	13,333
	358,371	710,925
Deferred tax (Note 30)	5,533	(122,999)
Income tax for the year	363,904	587,926

9. INCOME TAX (CONTINUED)

The income tax for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 **HK$'000**	2024 HK$'000
(Loss)/profit before tax	**(724,885)**	215,098
Tax at PRC CIT rate of 25%	**(181,221)**	53,775
Tax effect of share of results of associates and joint ventures	**14,143**	(30,145)
Tax effect of expenses not deductible for tax purposes	**4,156**	96,709
Tax effect of tax losses and temporary difference not recognised	**420,643**	235,956
Utilisation of tax losses previously not recognised	**(74,671)**	(26,020)
Provision for PRC LAT for the year	**253,550**	340,434
Tax effect of PRC LAT deductible for PRC CIT	**(63,387)**	(85,109)
(Overprovision)/Underprovision of PRC CIT in prior years	**(23,773)**	8,408
Effect of different tax rates of subsidiaries operating in Hong Kong	**912**	5,631
Deferred tax on PRC LAT in respect of investment properties	**11,209**	(21,434)
Deferred tax on PRC withholding tax in respect of dividend income	**2,343**	(1,524)
PRC withholding tax on dividend income	**–**	13,333
Others	**–**	(2,088)
Income tax for the year	**363,904**	587,926

The Group falls within the scope of the Global Anti Base Erosion Model Rules ("Pillar Two Model Rules") issued by the Organisation for Economic Cooperation and Development, with subsidiaries operating in some jurisdictions that have legislated domestic Pillar Two income tax requirements in alignment with this framework.

The Group's earnings are subject to domestic minimum top up taxes in Hong Kong. From 1 January 2025, the Group is also liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 in respect of its earnings from operations in Chinese mainland, even though this jurisdiction has not yet enacted Pillar Two legislation.

The Group has assessed its potential Pillar Two income tax exposure in these jurisdictions based on the information available regarding the financial performance of the Group for the year ended 31 December 2025. Based on the assessment, all of the jurisdictions the Group operates qualify for the Transitional Country-by-Country Reporting ("CbCR") Safe Harbor, and as a result, the Pillar Two income tax exposure for these jurisdictions is deemed to be zero. Therefore, the Group does not expect potential exposure to the consolidated financial statements.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in May 2023.

The Group will continue to monitor developments in Pillar Two legislation across relevant jurisdictions and assess the potential future impact on its financial statements.

10. LOSS FOR THE YEAR

	2025 HK$'000	2024 HK$'000
Loss for the year has been arrived at after charging (crediting):		
Depreciation for property, plant and equipment	118,659	124,752
Depreciation of right-of-use assets	43,236	32,107
Total depreciation and amortisation	161,895	156,859
Gross rental income from investment properties	(803,557)	(793,844)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	188,675	178,733
	(614,882)	(615,111)
Directors' remuneration (Note 11)	4,841	4,328
Other staff costs		
Salaries, wages and other benefits	214,293	251,594
Retirement benefit scheme contributions	45,510	36,039
Total staff costs	264,644	291,961
Less: Staff costs capitalised into properties under development for sale	(15,951)	(38,915)
	248,693	253,046
Auditors' remuneration	4,162	4,657
Cost of properties held-for-sale recognised as an expense	1,847,748	8,879,228
Impairment loss recognised on properties held-for-sale and properties under development for sale (included in cost of sales)	525,360	744,998

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the eight (2024: ten) directors of the Company, including the chief executive, are disclosed pursuant to the Listing Rules and the Hong Kong Companies Ordinance as follows:

For the year ended 31 December 2025

	Other emoluments			
	Fees HK$'000	Salaries and other allowances HK$'000	Retirement benefit scheme contributions HK$'000	Total emoluments HK$'000
Executive directors:				
Mr. Huang Haiping (note (i))	–	–	–	–
Mr. Tang Jun (note (iii))	–	1,301	–	1,301
Mr. Li Zhonghui (note (ii))	–	1,820	–	1,820
Ms. Zhou Yadong (note (i))	–	–	–	–
Independent non-executive directors:				
Mr. Doo Wai Hoi, William	430	–	–	430
Dr. Fan Ren Da, Anthony	430	–	–	430
Mr. Li Kai Fai, David	430	–	–	430
Dr. Chan Ho Wah, Terence	430	–	–	430
Total	1,720	3,121	–	4,841

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

For the year ended 31 December 2024

	Other emoluments			
	Fees HK$'000	Salaries and other allowances HK$'000	Retirement benefit scheme contributions HK$'000	Total emoluments HK$'000
Executive directors:				
Mr. Huang Haiping (note (i))	—	—	—	—
Mr. Tang Jun (note (iii))	—	1,559	—	1,559
Mr. Lou Jun (note (iv))	—	—	—	—
Mr. Ye Weiqi (note (v))	—	1,275	—	1,275
Ms. Zhou Yadong (note (i))	—	—	—	—
Independent non-executive directors:				
Mr. Doo Wai Hoi, William	430	—	—	430
Dr. Fan Ren Da, Anthony	430	—	—	430
Mr. Li Kai Fai, David	430	—	—	430
Dr. Chan Ho Wah, Terence	199	—	—	199
Mr. Qiao Zhigang (note (vi))	5	—	—	5
Total	1,494	2,834	—	4,328

Notes:

(i) The emoluments for Mr. Huang Haiping and Ms. Zhou Yadong for both years were borne by SIIC.

(ii) Mr. Li Zhonghui was appointed as an executive director of the Company with effect from 1 August 2025.

(iii) Mr. Tang Jun resigned as an executive director and a member of the investment appraisal committee of the Company with effect from 1 August 2025.

(iv) Mr. Lou Jun resigned as an executive director of the Company with effect from 15 July 2024.

(v) Mr. Ye Weiqi retired as an executive director, the vice president and a member of the remuneration committee of the Company with effect from 31 January 2024.

(vi) Mr. Qiao Zhigang resigned as an independent non-executive director and a member of the investment appraisal committee of the Company with effect from 5 January 2024.

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

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

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

During the years ended 31 December 2025 and 2024, Mr. Huang Haiping was also the chief executive of the Company. The emoluments disclosed above include those for services rendered by him as the chief executive.

During the years ended 31 December 2025 and 2024, no emoluments have been paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any emoluments during both years.

12. FIVE-HIGHEST PAID EMPLOYEES

For the year ended 31 December 2025, among the five individuals with the highest emoluments in the Group, there is one director of the Company (2024: nil). The emoluments of the remaining four (2024: five) highest paid individuals are as follows:

	2025 HK$'000	2024 HK$'000
Salaries and other allowances	6,409	9,293

The emoluments of those individuals are within the following band:

	2025	2024
Nil to HK$1,500,000	2	–
HK$1,500,001 to HK$2,000,000	2	4
HK$2,000,001 to HK$2,500,000	–	1
Total	4	5

During the years ended 31 December 2025 and 2024, no emoluments have been paid by the Group to the five employees with the highest emoluments as an inducement to join or upon joining the Group or as compensation for loss of office.

13. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	2025 HK$'000	2024 HK$'000
Loss		
Loss for the year attributable to owners of the Company	(961,892)	(331,190)

	2025 '000	2024 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	4,780,415	4,780,660

No diluted loss per share for 2025 and 2024 were presented as there were no potential ordinary shares in issue for both years.

14. INVESTMENT PROPERTIES

The Group leases out various commercial and residential properties including offices, shopping malls, stores, marts, exhibition halls, car park units and service/long-term rental apartments under operating leases with rentals payable monthly. The leases typically run for an initial period of one to twenty years and the lessees have the option to extend the lease beyond initial agreed period, but it is subject to mutual agreement between the Group and the lessees. The extension option is subject to market review clauses in the event the lessee exercises the option.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

14. INVESTMENT PROPERTIES (CONTINUED)

	2025 HK$'000	2024 HK$'000
At 1 January	**20,645,374**	21,437,687
Subsequent expenditure	**30,343**	366,474
Fair value loss on investment properties, net	**(155,741)**	(703,073)
Transfer from property, plant and equipment	**232,161**	234,990
Transfer from right-of-use assets	**41,366**	—
Transfer from properties held-for-sale	**32,968**	11,846
Exchange realignment	**957,947**	(702,550)
At 31 December	**21,784,418**	20,645,374
Unrealised loss on revaluation of investment properties included in profit or loss for the year	**(155,741)**	(703,073)

As at 31 December 2025, certain of the investment properties of the Group with a carrying amount of HK$11,810,544,000 (2024: HK$10,008,751,000) were pledged as collateral for bank borrowings (note 28).

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Group's investment properties as at 31 December 2025 have been arrived at on the basis of valuation carried out on the respective dates by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent qualified professional valuer. JLL has appropriate qualification and recent experience in the valuation of similar properties in the relevant locations. The fair value is determined using the income approach by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate.

In estimating the fair values of the investment properties, the management of the Group has considered that the highest and best use of the properties is their current use. The fair values of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting. For certain commercial car parks, the valuation technique was changed from a market approach to an income approach due to the increasing of rental occupancy rates.

All of the Group's investment properties are located in the Chinese mainland and classified as Level 3 in the fair value hierarchy for both years. There were no transfers into or out of Level 3 during both years.

The management of the Group works closely with JLL to establish and determine the appropriate valuation techniques and inputs for Level 3 fair value measurements. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the management of the Group.

14. INVESTMENT PROPERTIES (CONTINUED)

Information about fair value measurements using key unobservable inputs (Level 3)

The following table shows the valuation techniques used in the determination of fair values for investment properties and the key unobservable inputs used in the valuation models.

Description	Fair value as at 31 December 2025 HK$'000	Fair value as at 31 December 2024 HK$'000	Valuation techniques	Key unobservable inputs	Range of key unobservable inputs	Relationship of key unobservable inputs to fair value
Commercial – offices and related car park units in various locations	5,952,076	5,670,769	Income approach	Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2025: 3.50% to 5.00% 2024: 3.75% to 6.75%	The higher the reversionary yield, the lower the fair value
Commercial – shopping malls, stores, marts and related car park units in various locations	11,417,149	10,732,016	Income approach	For shopping malls, stores and marts: Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2025: 3.50% to 5.00% 2024: 3.50% to 7.75%	The higher the reversionary yield, the lower the fair value
Commercial – an exhibition hall in Shanghai	237,165	216,049	Income approach	Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2025: 5.00% 2024: 5.25%	The higher the reversionary yield, the lower the fair value
Commercial – building complex with offices, shopping malls and related car park units in Chongqing	2,984,410	2,864,214	Income approach	Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2025: 4.50% 2024: 5.00%	The higher the reversionary yield, the lower the fair value
Residential – a detached villa, and service/long-term rental apartments in various locations	1,134,487	1,084,142	Income approach	For a detached villa: Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2025: 3.50% 2024: 3.50%	The higher the reversionary yield, the lower the fair value
			Income approach	For service/long-term rental apartments: Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2025: 5.00% 2024: 5.50% to 6.00%	The higher the reversionary yield, the lower the fair value
Commercial properties held for rentals under construction in Shanghai	59,131	78,184	Income approach	For commercial properties under construction: Reversionary yield derived from market rent and transaction price of comparable properties in the same location	2025: 3.50% to 5.00% 2024: 3.50% to 4.50%	The higher the reversionary yield, the lower the fair value

15. PROPERTY, PLANT AND EQUIPMENT

	Hotel buildings and improvements HK$'000	Hotel furniture and equipment HK$'000	Other buildings HK$'000	Leasehold improvements HK$'000	Other furniture and equipment HK$'000	Motor vehicles HK$'000	Office premises HK$'000	Construction in progress HK$'000	Total HK$'000
COST									
At 1 January 2024	2,195,356	152,400	406,971	49,851	86,838	33,247	245,731	392,013	3,562,407
Additions	6,583	774	–	7,886	6,562	669	459	119,972	142,905
Disposals	(640)	(1,423)	–	(278)	(3,871)	(6,486)	–	–	(12,698)
Transfer to investment properties (Note 14)	–	–	–	–	–	–	(242,953)	–	(242,953)
Transfer	452,750	15,733	–	–	34,770	–	–	(503,253)	–
Exchange realignment	(72,929)	(5,391)	(13,437)	(2,020)	(3,536)	(1,096)	(2,778)	(8,732)	(109,919)
At 31 December 2024 and 1 January 2025	2,581,120	162,093	393,534	55,439	120,763	26,334	459	–	3,339,742
Additions	–	299	–	1,628	6,718	–	–	–	8,645
Disposals	–	(365)	–	(299)	(17,762)	–	–	–	(18,426)
Transfer to investment properties (Note 14)	(604,623)	(63,815)	–	–	–	–	–	–	(668,438)
Exchange realignment	115,040	3,142	17,661	2,971	5,333	1,288	21	–	145,456
At 31 December 2025	2,091,537	101,354	411,195	59,739	115,052	27,622	480	–	2,806,979
ACCUMULATED DEPRECIATION									
At 1 January 2024	1,022,662	97,616	70,340	49,375	86,003	31,878	22,990	–	1,380,864
Provided for the year	73,816	10,852	17,839	5,712	14,992	1,541	–	–	124,752
Eliminated on disposals	(620)	(1,278)	–	(193)	(3,694)	(6,113)	–	–	(11,898)
Transfer to investment properties (Note 14)	–	–	–	–	–	–	(22,018)	–	(22,018)
Exchange realignment	(32,980)	(3,354)	(3,086)	(2,028)	(2,650)	(972)	(972)	–	(46,042)
At 31 December 2024 and 1 January 2025	1,062,878	103,836	85,093	52,866	94,651	26,334	–	–	1,425,658
Provided for the year	72,734	12,540	16,470	3,033	13,857	–	25	–	118,659
Eliminated on disposals	–	(279)	–	(273)	(16,833)	–	–	–	(17,385)
Transfer to investment properties (Note 14)	(373,825)	(62,452)	–	–	–	–	–	–	(436,277)
Exchange realignment	42,792	3,518	(9,066)	3,084	4,127	1,288	–	–	45,743
At 31 December 2025	804,579	57,163	92,497	58,710	95,802	27,622	25	–	1,136,398
CARRYING AMOUNTS									
At 31 December 2025	1,286,958	44,191	318,698	1,029	19,250	–	455	–	1,670,581
At 31 December 2024	1,518,242	58,257	308,441	2,573	26,112	–	459	–	1,914,084

As at 31 December 2025, certain of the property, plant and equipment of the Group with a carrying amount of HK$451,235,000 (2024: HK$528,395,000) were pledged as collateral for bank borrowings (note 28).

16. RIGHT-OF-USE ASSETS

	Leasehold land HK$'000	Leased properties HK$'000	Total HK$'000
As at 1 January 2024	409,687	42,612	452,299
Additions	—	142,009	142,009
Depreciation charge	(9,415)	(22,692)	(32,107)
Exchange realignment	(13,171)	(7,503)	(20,674)
At 31 December 2024 and 1 January 2025	387,101	154,426	541,527
Depreciation charge	(9,911)	(33,325)	(43,236)
Transfer to investment properties (Note 14)	(41,366)	—	(41,366)
Exchange realignment	16,556	5,875	22,431
As at 31 December 2025	352,380	126,976	479,356

	2025 HK$'000	2024 HK$'000
Total cash outflow for leases	27,657	47,939
Additions to right-of-use assets	—	142,064

As at 31 December 2025, certain of the leasehold land of the Group with a carrying amount of HK$166,892,000 (2024: HK$49,090,000) were pledged as collateral for bank borrowings (note 28).

17. GOODWILL

	HK$'000
COST	
At 1 January 2024, 31 December 2024 and 31 December 2025	23,604

The goodwill arose from the acquisition of Chelsea Securities Limited ("CSL") and to which the Group owns 80% interest in CSL after the acquisition. On 31 August 2021, CSL entered into a subscription agreement with the subscribers, pursuant to which the subscribers conditionally agreed to pay HK$118,161,000 in aggregate for the subscription of 166,666 subscription shares, representing 62.5% of the enlarged issued share capital of CSL. After the subscription, the interests of the Group in CSL will be diluted from 80% to 30% and it will result in a deemed disposal of CSL. Based on the subscription price, the management of the Group was in the opinion that there was no impairment of the goodwill. The assets and liabilities of CSL were not reclassified as assets and liabilities held for disposal in the consolidated statement of financial position because certain condition precedents in respect of the subscription had not been fulfilled as at 31 December 2025 and 2024. Details of this subscription are set out in the Company's announcement dated 31 August 2021.

17. GOODWILL (CONTINUED)

For the purpose of impairment testing, goodwill set out above has been allocated to the individual cash-generating unit ("CGU") which refers to CSL. During the years ended 31 December 2025 and 2024, the management of the Group determined that there was no impairment of the CGU containing the goodwill by reference to the recoverable amount of CGU, which had been determined based on fair value less cost of disposal.

18. INTANGIBLE ASSETS

	Trademark HK$'000
COST	
At 1 January 2024	56,106
Exchange realignment	(1,628)
At 31 December 2024	54,478
Exchange realignment	2,515
At 31 December 2025	56,993

Intangible assets of the Group represent trademarks acquired, which had legal life from September 2001 to September 2031 but are renewable upon expiry. The directors of the Company are of the opinion that the Group will renew the trademarks continuously and has the ability to do so at minimal cost. Various studies including product life cycle studies, market competitive and environment trends, and brand extension opportunities had been performed by the management of the Group, which supported that the trademarks have no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows for the Group. As a result, the trademarks are considered by the management of the Group as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The trademarks will not be amortised until their useful lives are determined to be finite. Instead, they are tested for impairment annually and whenever there is an indication that it may be impaired.

For the purpose of impairment testing, trademarks with indefinite useful life set out above have been allocated to the individual CGU which refers to SUD. During the year ended 31 December 2025, the management of the Group determines that there is no impairment (2024: nil) of the CGU containing trademarks by reference to the recoverable amount of CGU, which has been determined based on the value in use calculation.

19. INTERESTS IN ASSOCIATES

	2025 HK$'000	2024 HK$'000
Unlisted shares, at cost	1,661,897	1,634,296
Share of post-acquisition results, net of dividends received	137,981	147,566
Impairment loss recognised	(167,592)	(160,172)
	1,632,286	1,621,690

All of the Group's associates are accounted for using the equity method in the consolidated financial statements.

Details of the Group's material associate at the end of the reporting period are as follows:

Name of the associate	Place of incorporation/ registration and operation	Issued and fully paid share capital		Proportion of ownership interest: The Group's effective interest		Proportion of ownership interest: Held by a subsidiary		Principal activities
		2025 RMB'000	2024 RMB'000	2025	2024	2025	2024	
上海華天置業有限公司 ("Shanghai Shentian")	PRC/Chinse mainland	2,850,000	2,850,000	20.7%	20.7%	35.0%	35.0%	Property development

19. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of the material associate

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRS Accounting Standards.

Shanghai Shentian

	2025 **HK$'000**	2024 HK$'000
Non-current assets	**1,890,437**	621,946
Current assets	**6,645,302**	6,783,901
Current liabilities	**(1,540,898)**	(1,446,499)
Non-current liabilities	**(2,639,198)**	(1,724,871)
Net assets	**4,355,643**	4,234,477
Revenue	**157,950**	1,316,094
(Loss)/profit for the year	**(70,178)**	277,997
Other comprehensive income/(expense) for the year	**191,344**	(138,419)
Total comprehensive income for the year	**121,166**	139,578
The Group's share of results	**(24,562)**	97,299

Reconciliation of the above summarised financial information to the carrying amounts of interests in the associate recognised in the consolidated financial statements:

	2025 **HK$'000**	2024 HK$'000
Net assets of Shanghai Shentian	**4,355,643**	4,234,477
Proportion of the Group's ownership interest in Shanghai Shentian	**35%**	35%
Carrying amount of the Group's interest in Shanghai Shentian	**1,524,475**	1,482,067

19. INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material

	2025 HK$'000	2024 HK$'000
The Group's share of results	**132**	685
Aggregate carrying amount of the Group's interests in these associates	**107,811**	139,623

20. INTERESTS IN JOINT VENTURES

	2025 HK$'000	2024 HK$'000
Unlisted shares, at cost	**2,646,994**	2,530,799
Share of post-acquisition results	**(76,656)**	(26,470)
Impairment loss recognised	**(120,850)**	(115,780)
	2,449,488	2,388,549

Details of the Group's material joint ventures at the end of the reporting period are as follows:

Name of joint ventures	Place of incorporation/ registration and operation	Issued and fully paid share capital 2025 RMB'000	Issued and fully paid share capital 2024 RMB'000	Proportion of ownership interest: The Group's effective interest 2025	Proportion of ownership interest: The Group's effective interest 2024	Proportion of ownership interest: Held by a subsidiary 2025	Proportion of ownership interest: Held by a subsidiary 2024	Principal activities
上海莘至城置業有限公司 ("Shenzhicheng")	PRC/Chinse mainland	**1,100,000**	1,100,000	**29.5%**	29.5%	**50%**	50%	Property development, property investment and property management
上海諾卓企業管理有限公司 ("Shanghai Nuozhuo")	PRC/Chinse mainland	**2,640,000**	2,640,000	**29.5%**	29.5%	**50%**	50%	Integrated management service
上海天宇實宏企業發展有限公司 ("Shanghai Tianyu")*	PRC/Chinse mainland	**4,800,000**	4,800,000	**21.2%**	21.2%	**5%**	5%	Property development

* Shanghai Tianyu is a subsidiary of Shanghai Nuozhuo, which held 55% interest of Shanghai Tianyu

20. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of material joint ventures

Summarised financial information in respect of each of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRS Accounting Standards.

All of the Group's joint ventures are accounted for using the equity method in the consolidated financial statements.

Shenzhicheng

	2025 **HK$'000**	2024 HK$'000
Non-current assets	**2,526,748**	2,464,386
Current assets	**95,362**	170,974
Current liabilities	**(54,621)**	(308,044)
Non-current liabilities	**(1,270,215)**	(1,116,374)
Net assets	**1,297,274**	1,210,942
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**103,202**	98,633
Non-current financial liabilities (excluding trade and other payables and provisions)	**1,076,074**	1,039,075
Current financial liabilities (excluding trade and other payables and provisions)	**11,136**	—
Revenue	**154,617**	145,286
Profit for the year	**61,979**	51,815
Other comprehensive income/(expense) for the year	**24,353**	(39,995)
Total comprehensive income for the year	**86,332**	11,820
The Group's share of results	**30,990**	25,908
Dividends received from an associate during the year	**16,267**	—

20. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of material joint ventures (Continued)

Shenzhicheng (Continued)

Reconciliation of the above summarised financial information to the carrying amounts of interests in the joint venture recognised in the consolidated financial statements:

	2025 **HK$'000**	2024 HK$'000
Net assets of Shenzhicheng	**1,297,274**	1,210,942
Proportion of the Group's ownership interest in Shenzhicheng	**50%**	50%
Carrying amount of the Group's interest in Shenzhicheng	**648,637**	605,471

Shanghai Nuozhuo

	2025 **HK$'000**	2024 HK$'000
Non-current assets (note)	**2,939,866**	2,809,706
Current assets	**66**	68
Current liabilities	**(468)**	(447)
Net assets	**2,939,464**	2,809,327
The above amounts of assets include the following:		
Cash and cash equivalents	**66**	68
Expense	**—**	—
Loss for the year	**(4,476)**	(6)
Other comprehensive income/(expense) for the year	**134,612**	(83,531)
Total comprehensive income/(expense) for the year	**130,136**	(83,537)
The Group's share of results	**(2,238)**	(3)

Note: The balance mainly comprises investment in Shanghai Tianyu, which is held by Shanghai Nuozhuo by 55%.

20. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of material joint ventures (Continued)

Shanghai Nuozhuo (Continued)

Reconciliation of the above summarised financial information to the carrying amounts of interests in the joint venture recognised in the consolidated financial statements:

	2025 HK$'000	2024 HK$'000
Net assets of Shanghai Nuozhuo	2,939,464	2,809,327
Proportion of the Group's ownership interest in Shanghai Nuozhuo	50%	50%
Carrying amount of the Group's interest in Shanghai Nuozhuo	1,469,732	1,404,664

Aggregate information of joint ventures that are not individually material

	2025 HK$'000	2024 HK$'000
The Group's share of results	(60,895)	1,035
Aggregate carrying amount of the Group's interests in these joint ventures	331,119	378,414

21. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 HK$'000	2024 HK$'000
Equity securities:		
— Listed in the PRC (note (i))	23,685	19,195
— Unlisted (note (ii))	2,450	3,405
	26,135	22,600

Notes:

(i) The above listed equity investment represent the Group's equity interest in an entity listed in the PRC. This investment is held for long-term strategic purpose. The management of the Group elected to designate the investment as equity instrument at FVTOCI as they believe that recognising short-term fluctuations in fair value of the investment in profit or loss is not consistent with the Group's strategy of holding the investment for long-term strategic purpose and realising the performance potential in the long run.

(ii) The above unlisted equity investments represent the Group's equity interests in several private entities established in PRC. The management of the Group elected to designate these investments at FVTOCI as they believe that these investments will benefit the Group in long run through realisation or receiving steady dividends. The management of the Group considers the financial impact of these unlisted equity investments are not significant to the Group. Details of the valuation for these investments are set out in Note 34.

22. CASH IN BANK

Cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting the Group's short term cash commitments.

	2025 HK$'000	2024 HK$'000
Bank balances	4,730,386	5,427,867
Less: Restricted bank deposits-current	9,105	18,961
Pledged bank deposits-current	380	8,192
	9,485	27,153
Less: Restricted bank deposits-non current	57,131	26,540
Pledged bank deposits-non current	92,049	31,400
	149,180	57,940
Cash and cash equivalents represented by bank balances and cash at the end of the year	4,571,721	5,342,774

	2025 HK$'000	2024 HK$'000
Cash and bank balances		
Denominated in RMB	4,676,022	5,361,116
Denominated in US$	2,893	6,442
Denominated in HK$	51,471	60,309
	4,730,386	5,427,867

As at 31 December 2025, Included in the bank balances there is an amount of HK$315,426,000 (2024:HK$1,003,968,000) that can only be applied in the designated property development projects and is required to place in bank accounts in accordance with the applicable government regulations and contractual restrictions, if applicable. These bank balances are held for meeting short-term cash commitments and are, thus, included in cash and cash equivalents.

Details of impairment assessment of bank balances are set out in Note 33(b).

Restricted bank deposits

The restricted bank deposits of HK$4,110,000 (2024: HK$45,501,000), of which an amount of HK$4,110,000 (2024: HK$18,961,000) is expected to be released within twelve months, represent a frozen portion of pre-sale proceeds received on sales of affordable housings to the public under the instruction of the local government in Shanghai in the PRC. The amount is calculated based on a pre-agreed percentage on the pre-sale proceeds received and required to transfer to the escrow account regularly. As at 31 December 2025, an amount of HK$6,447,000 has been frozen due to legal disagreement and an amount of HK$55,679,000 was held as a time deposit with an interest rate of 2.15%, maturing in 2028.

22. CASH IN BANK (CONTINUED)

Pledged bank deposits

The Group has entered into agreements with certain banks with respect to mortgage loans provided for buyers of the Group's property units and has made deposits as security to and given guarantees on mortgage loans provided for the buyers by these banks under the agreements. Pursuant to the terms of agreements, upon default in payments of mortgage loans by these buyers, the Group is liable to repay the banks the outstanding mortgage loans together with any accrued interest and penalty thereon after netting off the pledged bank deposits, and the Group is entitled to take over the legal titles and possession of the related properties. These pledged bank deposits carried interest rate at 0.05% (2024: 0.10%) per annum as at 31 December 2025. Details of the mortgage guarantees are set out in Note 37.

Pledged bank deposits also included deposits pledged to banks to secure bank borrowings granted to the Group (note 28). These pledged bank deposits carried interest at a fixed interest rate of 0.05% per annum.

23. INVENTORIES

	2025	2024
	HK$'000	HK$'000
Hotel operations		
Finished goods — food and beverage and others	**438**	1,214

24. PROPERTIES UNDER DEVELOPMENT FOR SALE AND PROPERTIES HELD-FOR-SALE

	2025	2024
	HK$'000	HK$'000
Property development		
Properties under development for sale	**5,839,583**	7,594,981
Properties held-for-sale	**6,897,945**	6,983,461
	12,737,528	14,578,442

All of the properties under development for sale and properties held-for-sale are located in the Chinese mainland.

24. PROPERTIES UNDER DEVELOPMENT FOR SALE AND PROPERTIES HELD-FOR-SALE (CONTINUED)

The movements in provision for impairment of Properties under development for sale and Properties held-for-sale are as follows:

	Properties under development for sale HK$'000	Properties held-for-sale HK$'000	Total HK$'000
At 1 January 2024	171,067	282,642	453,709
Impairment losses recognised	744,998	—	744,998
Impairment losses transferred (to PHS)/from PUD	(13,739)	13,739	—
Impairment losses transferred to cost of sales	—	(22,741)	(22,741)
Exchange realignment	(5,571)	(49,569)	(55,140)
At 31 December 2024 and 1 January 2025	896,755	224,071	1,120,826
Impairment losses recognised	428,393	96,967	525,360
Impairment losses transferred (to PHS)/from PUD	(112,092)	112,092	—
Impairment losses transferred to cost of sales	—	(70,049)	(70,049)
Exchange realignment	41,542	10,381	51,923
At 31 December 2025	1,254,598	373,462	1,628,060

As at 31 December 2025, properties under development for sale of HK$5,597,260,000 (2024: HK$7,167,473,000) and properties held-for-sale of HK$95,628,000 (2024: HK$91,394,000) were pledged as collateral for bank borrowings (note 28).

The net realisable values of the Group's certain properties held-for-sale and properties under development for sale, as at 31 December 2025 has been arrived at on the basis of valuation carried out by JLL. JLL has appropriate qualification and recent experience in the valuation of similar properties in the relevant locations. The net realisable values of these properties were arrived at by reference to pre-sale contracts entered by the Group during the year (if applicable), comparable sales transactions available in the relevant markets with adjustments according to nature of each property, its location and the prevailing market prices and, for properties under development for sale, JLL has also taken into account the construction cost expended and the estimated construction cost to complete the development.

25. TRADE AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade receivables		
— Contracts with customers		
Sales of properties (note (i))	310,400	243,062
Hotel operations and others	24,532	7,168
— Lease receivables	39,503	13,635
	374,435	263,865
Less: ECL allowance	(93)	(224)
	374,342	263,641
Other receivables (note (ii))	277,150	242,581
Secured deposits held by Shanghai government department (note (iii))	—	276,799
Receivable from a former subsidiary (note (iv))	411,764	401,498
Advance payments to contractors	21,290	23,881
Prepaid other taxes (note (v))	254,628	209,261
Deposits and prepayments	2,061	2,384
	1,341,235	1,420,045
Less: ECL allowance	(411,764)	(401,498)
	929,471	1,018,547

Notes:

(i) The balance represents a trade receivable from Shanghai government department in respect of the sales of affordable housings and it will be settled once the project clearance process completes.

(ii) Other receivables mainly comprise various warranty deposits placed with the relevant government bodies in respect of properties under development for sale, properties held-for-sale and properties being sold.

(iii) The balance represents deposits paid to Shanghai government department in respect of two affordable housing projects in Shanghai in the PRC. The deposit was paid according to a pre-determined percentage on the pre-sale proceed received from the sales of affordable housings and it will be refunded to the Group once the properties delivery and projects clearance process complete.

(iv) The Group has significant concentration of credit risk on the receivable from a former subsidiary of the Group. The gross amount of this receivable of HK$411,764,000 (2024: HK$401,498,000), after netting of ECL allowance of HK$411,764,000 (2024: HK$401,498,000), is included in other receivables. Considered the former subsidiary of the Group was in liquidation process, the management of the Group made an assessment on the recoverability of this balance at the end of the reporting period based on the expected proceeds to be received by the Group from the realisation of assets held by the former subsidiary and the asset distribution arrangement after the liquidation process to determine whether adequate ECL was recognised. The primary assets of that former subsidiary refer to investment properties located at Kunshan in the PRC.

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

(v) Prepaid other taxes comprise prepayments for urban real estate tax, city maintenance and construction tax, business tax and value-added tax.

The Group grants an average credit period of 90 days to its corporate hotel customers and generally grants no credit period to property buyers and tenants unless specifically approved.

The following is an ageing analysis of trade receivables, net of ECL allowance, presented based on the date of billing at the end of the reporting period:

	2025 HK$'000	2024 HK$'000
Within 90 days	54,332	19,693
Within 91 days to one year	53,757	61
Over one year	266,253	243,887
	374,342	263,641

Ageing of trade receivables which are past due

	2025 HK$'000	2024 HK$'000
Within one year	53,757	61
Over one year	266,253	243,887
	320,010	243,948

Trade receivables with ageing over one year primarily relate to sales of affordable housings. The management of the Group considers that the impact of ECL for these past due trade receivables is insignificant.

Movement in ECL allowance for trade receivables

	2025 HK$'000	2024 HK$'000
At 1 January	224	232
Reversals	(138)	—
Exchange realignment	7	(8)
At 31 December	93	224

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2025, certain lease receivables with a carrying amount of HK$11,504,000 (2024: HK$10,995,000) were pledged as collateral for bank borrowings (note 28).

Details of impairment assessment of trade and other receivables are set out in Note 33(b).

26. TRADE AND OTHER PAYABLES AND DEFERRED REVENUE

	2025 **HK$'000**	2024 HK$'000
Trade and other payables recognised as current liabilities		
Trade payables	**989,161**	1,783,306
Accrued expenditure on properties under development for sale	**2,607,566**	3,365,403
Amounts due to former shareholders of the Company's former subsidiaries	**—**	151,740
Rental deposits and receipt in advance from tenants	**162,997**	102,735
Payables to the Shanghai government department	**8,626**	148,876
Accrued charges and other payables	**411,694**	475,501
Other taxes payables	**145,098**	321,785
Provision on guarantee	**—**	49,843
	4,325,142	6,399,189
Deferred revenue recognised as non-current liabilities		
Deferred revenue	**25,808**	25,456

The following is an ageing analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period:

	2025 **HK$'000**	2024 HK$'000
Within one year	**779,881**	1,231,696
Over one year	**209,280**	551,610
	989,161	1,783,306

Included in trade and other payables, there is an amount of HK$15,300,000 (2024: HK$10,126,000) denominated in HK$ which is the foreign currency of respective companies of the Group.

27. PRE-SALE PROCEEDS RECEIVED ON SALES OF PROPERTIES

Pre-sale proceeds received on sales of properties in respect of sale and purchase agreements entered into with property buyers are contract liabilities and they are the only contract liabilities of the Group. These proceeds are advance payments received from property buyers on sales of property units and recognised as liabilities throughout the property construction period until the Group satisfies its performance obligation by transferring the control of the properties to property buyers, at which time the liabilities are recognised as revenue. The Group normally receives 30% to 100% of the contract value as pre-sale proceeds from property buyers when they sign the sale and purchase agreements. The following table shows the revenue recognised in the current year that related to brought-forward contract liabilities.

	2025 HK$'000	2024 HK$'000
Contract liabilities	509,437	1,106,886
Revenue recognised that was included in the balance of "pre-sale proceeds received on sales of properties" at the beginning of the year	1,045,245	8,181,041

For properties under development for sale, the Group typically provides guarantees to banks in connection with the property buyers' mortgage loans to finance their purchase of the properties for an amount up to 41% of the purchase price of the related properties. If a property buyer defaults on the repayment of the loan during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding balance of the loan and any accrued interest and penalty thereon. Under such circumstance, the Group is entitled to forfeit the property buyer's deposits, take over the legal title and possession of the related property and re-sell it to other interested buyers to recover any amounts paid or payable by the Group to the bank. For every property development project planned for pre-sale, the selling price of the property units determined by the management of the Group are made reference to the latest market prices of other property projects in the same location. Unless there is significant drop in the market prices to the extent below the selling prices of the related properties which is considered as remote by the management of the Group, the Group would not be in a significant loss position in re-selling the related properties.

28. BANK AND OTHER BORROWINGS

	2025 HK$'000	2024 HK$'000
Bank borrowings	**11,726,796**	11,117,313
Other borrowings (note (ii))	**7,631,085**	6,685,914
	19,357,881	17,803,227
Analysed as:		
Secured bank borrowings (note (i))	**5,532,587**	5,186,491
Unsecured bank and other borrowings	**13,825,294**	12,616,736
	19,357,881	17,803,227
The carrying amounts of the borrowings are repayable:		
Within one year	**7,966,260**	6,254,196
Within a period of more than one year but not more than two years	**1,939,441**	3,954,771
Within a period of more than two years but not more than five years	**6,001,482**	2,523,482
Within a period of more than five years	**3,293,682**	2,837,211
	19,200,865	15,569,660
The carrying amount of borrowings that are repayable on demand due to breach of loan covenants (shown under current liabilities)	**157,016**	2,233,567
	19,357,881	17,803,227
Less: Amount due within one year shown under current liabilities	**(8,123,276)**	(8,487,763)
Amount due after one year (note (iii))	**11,234,605**	9,315,464
Floating rate (note (iv))		
— expiring within one year	**4,894,702**	5,956,834
— expiring beyond one year	**7,110,491**	5,637,979
Fixed rate		
— expiring within one year	**3,228,574**	2,530,929
— expiring beyond one year	**4,124,114**	3,677,485
	19,357,881	17,803,227

28. BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

(i) Assets that are pledged as collateral to secure bank borrowings are as follows:

	NOTES	2025 HK$'000	2024 HK$'000
Properties under development for sale	24	**5,597,260**	7,167,473
Properties held-for-sale	24	**95,628**	91,394
Investment properties	14	**11,810,544**	10,008,751
Hotel buildings and related right-of-use assets	15, 16	**618,127**	577,485
Pledged bank deposits	22	**92,049**	31,400
Trade receivables	25	**11,666**	10,995
		18,225,274	17,887,498

(ii) The Group's other borrowings are analysed as follows:

	2025 HK$'000	2024 HK$'000
Domestic corporate bonds — 2022 (note (a))	**—**	1,222,259
Domestic corporate bonds — 2023 (note (b))	**2,838,819**	2,711,255
Domestic corporate bonds — 2025 (note (c))	**2,112,082**	—
Medium term notes — 2022 (note (d))	**—**	936,170
Medium term notes — 2024 (note (e))	**1,011,817**	966,230
Medium term notes — 2025 (note (f))	**1,000,216**	—
Borrowings from SIHL Finance Limited (note (g))	**668,151**	—
Borrowings from SIIC Finance Limited (note (h))	**—**	850,000
	7,631,085	6,685,914

(a) The domestic corporate bonds — 2022 represent bonds issued by SUD to public and were listed on the Shanghai Stock Exchange during the year ended 31 December 2022. The bonds were unsecured and have maturity of three years falling due on 2 November 2025. The bonds have principal amount of RMB1,150,000,000 and carried interest at a fixed interest rate at 3.07% per annum. Transaction costs of RMB5,425,000 (equivalent to HK$6,131,000) were directly deducted from the carrying amount of the bonds. The bonds, net of transaction costs, carried interest at an effective interest rate at 3.24% per annum. During the year ended 31 December 2025, the Group repaid the notes in full upon maturity.

(b) The domestic corporate bonds — 2023 represent bonds issued by SUD to public and were listed on the Shanghai Stock Exchange during the year ended 31 December 2023. The bonds were unsecured and have maturity of three years falling due in year ending 31 December 2026. The first batch of bonds, which will mature on 9 January 2026, was issued at the principal amount of RMB750,000,000 and carry interest at a fixed interest rate at 4.2% per annum (the "2023 Bond A"). Transaction costs of RMB2,310,000 (equivalent to HK$2,465,000) were directly deducted from the carrying amount of the 2023 Bond A. The 2023 Bond A, net of transaction costs, carry interest at an effective interest rate at 4.31% per annum. The second batch of bonds, which will mature on 11 September 2026, was issued at the principal amount of RMB1,800,000,000 and carry a fixed interest rate at 3.5% per annum (the "2023 Bond B"). Transaction costs of RMB3,180,000 (equivalent to HK$3,516,000) were directly deducted from the carrying amount of the 2023 Bond B. The 2023 Bond B, net of transaction costs, carry interest at an effective interest rate at 3.56% per annum.

28. BANK AND OTHER BORROWINGS (CONTINUED)

Notes: (Continued)

(ii) The Group's other borrowings are analysed as follows: (Continued)

(c) The domestic corporate bonds — 2025 represent bonds issued by SUD to public and were listed on the Shanghai Stock Exchange during the year ended 31 December 2025. The bonds are unsecured and have maturity of three to five years falling due in year ending 31 December 2028 and 31 December 2030. The first batch of bonds, which will mature on 6 November 2028, were issued at the principal amount of RMB950,000,000 and carry a fixed interest rate at 2.08% per annum (the "2025 Bond A"). Transaction costs of RMB1,691,140 (equivalent to HK$1,883,230) were directly deducted from the carrying amount of the 2025 Bond A. The 2025 Bond A, net of transaction costs, carry interest an effective interest rate at 2.14% per annum. The second batch of bonds, which will mature on 18 September 2028, were issued at the principal amount of RMB650,000,000 and carry interest at a fixed interest rate at 2.25% per annum (the "2025 Bond B"). Transaction costs of RMB1,226,415 (equivalent to HK$1,365,718) were directly deducted from the carrying amount of the 2025 Bond B. The 2025 Bond B, net of transaction costs, carry interest at an effective interest rate at 2.32% per annum. The third batch of bonds, which will mature on 6 November 2030, were issued at the principal amount of RMB200,000,000 and carry a fixed interest rate at 2.56% per annum (the "2025 Bond C"). Transaction costs of RMB356,030 (equivalent to HK$396,469) were directly deducted from the carrying amount of the 2025 Bond C. The 2025 Bond C, net of transaction costs, carry interest at an effective interest rate at 2.60% per annum. The fourth batch of bonds, which will mature on 18 September 2030, were issued at the principal amount of RMB100,000,000 and carry interest at a fixed interest rate at 2.60% per annum (the "2025 Bond D"). Transaction costs of RMB188,679 (equivalent to HK$210,111) were directly deducted from the carrying amount of the 2025 Bond D. The 2025 Bond D, net of transaction costs, carry interest at an effective interest rate at 2.64% per annum.

(d) The medium term notes — 2022 represent notes issued by SUD to financial institutions during the year ended 31 December 2022. The notes were unsecured and had maturity of three years falling due on 8 June 2025. The notes had principal amount of RMB880,000,000 and carried interest at a fixed interest rate at 2.85% per annum. Transaction costs of RMB2,491,000 (equivalent to HK$2,918,000) were directly deducted from the carrying amount of the notes. The notes, net of transactions costs, carried interest at an effective interest rate at 2.95% per annum. During the year ended 31 December 2025, the Group repaid the notes in full upon maturity.

(e) The medium term notes — 2024 represents notes issued by SUD to financial institutions during the year ended 31 December 2024. The notes are unsecured and have maturity of three years falling due on 23 October 2027. The notes have principal amount of RMB910,000,000 and carry interest at a fixed interest rate at 2.45% per annum. Transaction costs of RMB2,408,000 (equivalents to HK$2,611,000) were directly deducted from the carrying amount of the notes. The notes, net of transaction costs, carry interest at an effective interest rate at 2.54% per annum.

(f) The medium term notes — 2025 represents notes issued by SUD to financial institutions during the year ended 31 December 2025. The notes were unsecured and have maturity of three years falling due on 28 May 2028. The notes have principal amount of RMB900,000,000 and carry interest at a fixed interest rate at 1.99% per annum. Transaction costs of RMB2,241,509 (equivalents to HK$2,496,113) were directly deducted from the carrying amount of the notes. The notes, net of transaction costs, carry interest at an effective interest rate at 2.08% per annum.

(g) On 26 November 2025, the Group entered into short-term loan agreement with SIHL Finance limited, a controlling and substantial shareholder of SIUD, for an unsecured borrowing at the principal amount of RMB870,000,000. The variable interest rate for these loans is the lender's RMB borrowing cost or deposit rate (whichever is higher), plus 1.0%, recalculated monthly, and the loan will mature on 24 November 2026.

(h) On 3 June 2024 and 5 August 2024, the Group entered into short-term loan agreements with SIIC Finance Company Limited, a subsidiary of SIIC, for two unsecured borrowings at the principal amounts of HK$250,000,000 and HK$600,000,000 respectively. These borrowings carried interest at a variable interest rate at 3 months HIBOR plus a premium of 2.4% per annum and have already matured during the year ended 31 December 2025 (i.e., 11 June 2025 and 12 August 2025, respectively).

28. BANK AND OTHER BORROWINGS (CONTINUED)

Notes: (Continued)

(iii) As at 31 December 2025, included in the Group's borrowings due after one year are amounts of other borrowings of HK$4,124,114,000 (2024: HK$3,677,485,000).

(iv) The Group's variable-rate borrowings carry interest at HIBOR, Loan Prime Rate ("LPR") and People's Bank of China Lending Rate ("PBOCLR").

The ranges of effective interest rates (which are also equal to contracted interest rates) of the Group's borrowings are as follows:

	2025 **HK$'000**	2024 HK$'000
Effective interest rates:		
Fixed-rate borrowings	**1.99%–4.20%**	2.45%–4.20%
Variable-rate borrowings	**2.30%–6.69%**	2.80%–6.77%

Included in bank and other borrowings, there is an amount of nil (2024: HK$850,000,000) denominated in HK$ which is the foreign currency of respective companies of the Group.

In respect of bank borrowings with carrying amount of RMB141,000,000 (equivalent to HK$157,016,000) as at 31 December 2025, the Group was required to comply with certain financial covenant throughout the terms of the borrowing and/or as long as the borrowing is outstanding. However, the Group failed to comply with the covenant related to financial ratio. Accordingly, the entire balance of these borrowings were reclassified from non-current liabilities to current liabilities as at 31 December 2025. Up to the date of these consolidated financial statements are authorised for issue, the Group has obtained a waiver in respect of this covenant from the bank.

29. LEASE LIABILITIES

	2025 HK$'000	2024 HK$'000
Lease liabilities payable:		
Within one year	17,214	21,215
Within a period of more than one year but not more than two years	17,957	18,631
Within a period of more than two years but not more than five years	41,870	46,326
Within a period of more than five years	54,154	62,278
	131,195	148,450
Less: Amount due for settlement within twelve months shown under current liabilities	(17,214)	(21,215)
Amount due for settlement after twelve months under non-current liabilities	113,981	127,235

The lease liabilities denominated in currency other than the functional currency of the relevant group entity are set out below:

	HK$ against RMB HK$'000
As at 31 December 2025	6,260
As at 31 December 2024	11,696

30. DEFERRED TAXATION

The followings are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Accrued expenses HK$'000	Revaluation of investment properties HK$'000	Fair value adjustment on properties under development for sale and properties held-for-sale HK$'000	Undistributed earnings of the PRC entities HK$'000	Fair value adjustment on hotel properties HK$'000	LAT deferred tax HK$'000	Leases and others HK$'000	Total HK$'000
At 1 January 2024	33,977	(2,149,722)	(349,490)	(144,321)	(17,170)	(13,187)	96,814	(2,543,099)
Credit/(charge) to profit or loss for the year	1,889	180,709	9,858	(7,690)	195	1,363	(72,539)	113,785
Release of deferred tax liabilities ("DTL") upon dividend received	–	–	–	9,214	–	–	–	9,214
Credit to OCI upon fair value changes of equity instruments at FVTOCI	–	–	–	–	–	–	54	54
Credit to OCI upon disposal of equity instruments at FVTOCI	–	–	–	–	–	–	2,308	2,308
Charge to OCI upon transfer of property, plant and equipment to investment properties	–	–	–	–	–	–	(3,514)	(3,514)
Exchange realignment	(4,936)	70,172	11,386	5,316	556	405	(1,948)	80,951
At 31 December 2024 and 1 January 2025	30,930	(1,898,841)	(328,246)	(137,481)	(16,419)	(11,419)	21,175	(2,340,301)
Credit/(charge) to profit or loss for the year	(5,558)	(4,478)	(14,567)	(2,343)	942	79	(8,727)	(34,652)
Release of DTL upon dividend received	–	–	–	29,119	–	–	–	29,119
Credit to OCI upon fair value changes of equity instruments at FVTOCI	–	–	–	–	–	–	(877)	(877)
Exchange realignment	1,283	(82,432)	(15,425)	(12,775)	(827)	(440)	2,109	(108,506)
At 31 December 2025	26,655	(1,985,751)	(358,238)	(123,480)	(16,304)	(11,780)	13,680	(2,455,218)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025 HK$'000	2024 HK$'000
Deferred tax assets	**93,121**	105,535
Deferred tax liabilities	**(2,548,339)**	(2,445,836)
	(2,455,218)	(2,340,301)

30. DEFERRED TAXATION (CONTINUED)

As at 31 December 2025, the Group had unused tax losses of HK$5,089,626,000 (2024: HK$5,175,875,000) available for offset against future profits, which were subject to the confirmation from Hong Kong Inland Revenue Department and the respective PRC tax authorities. No deferred tax asset was recognised in respect of such losses due to the unpredictability of future profit streams of respective group entities. During the year ended 31 December 2025, tax losses of HK$1,189,674,000 (2024: HK$187,849,000) were expired. Included in unrecognised tax losses, there were losses of HK$4,774,710,000 (2024: HK$4,295,629,000) that would expire in various dates in the next five years. Other losses may be carried forward indefinitely.

Under the CIT law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. No deferred taxation was provided in the consolidated financial statements in respect of temporary differences of HK$6,401,299,000 (2024: HK$8,201,655,000) which arose from the undistributed profits of certain PRC subsidiaries as the Company controls the dividend policy of these subsidiaries and it is probable that the profits will not be distributed in the foreseeable future.

31. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Authorised:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025		
— Ordinary shares of HK$0.04 each	400,000	400,000
Issued and fully paid:		
At 1 January 2024	4,791,483	191,659
Shares repurchased and cancelled	(11,068)	(442)
At 31 December 2024	4,780,415	191,217
At 31 December 2025	4,780,415	191,217

32. RESERVES

a. Contributed surplus, serving as a distributable reserve, represents amounts transferred from the share premium account which gives Shanghai Industrial Urban Development Group Limited (the "Company") a greater flexibility in its dividend policy and making distributions to the shareholders.

b. Other revaluation reserve comprises the difference between the fair value, net of deferred tax, and the carrying amount of additional interest in associates being acquired and became subsidiaries of the Company.

c. Property revaluation reserve represents a surplus which arose from revaluation of owner-occupied properties included in property, plant and equipment at the time they were transferred to investment properties.

d. Statutory surplus reserve comprises that in accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under PRC GAAP, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

e. Merger reserve comprises (1) the difference between the fair value of the consideration paid to the intermediate holding company of the Company, Shanghai Industrial Holdings Limited ("SIHL"), for the acquisition of subsidiaries controlled by SIHL (the "Acquiree") and the fair value of net assets of the Acquiree at the date of the Company and its subsidiaries (collectively referred to as the "Group") and the Acquiree became under common control in year 2011; and (2) the difference between the fair value of the consideration paid to Shanghai Shangtou Assets Operation Company Limited 上海上投資產經營有限公司 ("Shangtou Assets"), over which Shanghai Industrial Investment (Holdings) Company Limited ("SIIC"), being the ultimate holding company of the Company, exercises the authority as a state-owned shareholder, for acquisition of Shanghai Shangtou Real Estate Investment Company Limited 上海市上投房地產投資有限公司 ("Shangtou Real Estate") and its subsidiaries (collectively referred to as "Shangtou Real Estate Group") (after carving out certain assets and liabilities upon completion of the acquisition) controlled by Shangtou Assets and the fair value of net assets of Shangtou Real Estate Group at the date on which the Group and Shangtou Real Estate Group became under common control in year 2018.

f. Shareholder's contribution represents capital contribution from SIHL and State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District ("Xuhui SASAC") in the PRC, being a non-controlling shareholder based on their respective percentage of equity interest, to a subsidiary of the Company, Shanghai Urban Development (Holdings) Co., Ltd. ("SUD"), as paid-in capital in April 2011. Xuhui SASAC holds 41% interests in SUD.

32. RESERVES (CONTINUED)

g. Other reserve represents a premium contributed by the owners of the Company on acquiring additional interests in non-wholly owned subsidiaries of the Company. The acquired additional interests comprise (1) the remaining 1.0% interest in 上海世界貿易商城有限公司 ("Shanghai World Trade") from a non-controlling shareholder subsequent to the acquisition of Continental Land Development Limited and its partially owned subsidiary, namely Shanghai World Trade, in the PRC; (2) the remaining 20% interest in, 瀋陽向明長益置業有限公司 ("瀋陽向明") from a non-controlling shareholder; and (3) the remaining 28.5% interest in 西安滻灞建設開發有限公司 ("西安滻灞") from a non-controlling shareholder through acquisition of a company and its subsidiaries. These acquisitions, without changing the Group's control over these entities, were accounted for as equity transactions. The difference between the carrying amount by which the non-controlling interests are adjusted and the fair values of the considerations paid is recognised directly in equity as other reserve and attributable to owners of the Company.

h. Exchange reserve all foreign exchange differences arising from the translation of the financial statements of group entities. The reserve is dealt with in accordance with the accounting policy set out in note 2.4.

33. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2025 HK$'000	2024 HK$'000
Financial assets		
Equity instruments at FVTOCI	**26,135**	22,600
Financial assets at amortised cost	**5,374,103**	6,369,835
Financial liabilities		
Amortised cost	**21,442,474**	20,749,053
Financial guarantee contract	**–**	49,843

b. Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, restricted and pledged bank deposits, bank balances and cash, certain trade and other receivables, amounts due from related companies, certain trade and other payables, amounts due to related companies, dividends payable and bank and other borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group actively and regularly reviews and manages its capital structure to strictly control the debt level. The Group maintains a strategy on acquiring land only if development of the projects can commence within a short period of time so as to minimise the time period between acquisition and development of the acquired land, thus the Group's capital can be efficiently deployed.

33. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Market risk

(i) Currency risk

All the revenue-generating operations of the Group are transacted in RMB. The Group is exposed to foreign currency risk on financing transactions denominated in currencies other than RMB. Depreciation or appreciation of the RMB against foreign currencies can affect the Group's results. The Group did not hedge its currency exposure.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, excluding intercompany balances, at the reporting date are as follows:

	Assets		Liabilities	
	2025	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000
US$	**2,893**	6,442	**–**	–
HK$	**51,471**	60,309	**45,582**	895,463

Sensitivity analysis

The Group is mainly exposed to the currency of US$ and HK$ against RMB, the functional currency of relevant group entities.

The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2024: 5%) is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. A positive number below indicates a decrease in post-tax loss where RMB strengthen 5% (2024: a decrease in post-tax loss where RMB strengthen 5%) against US$ and HK$ respectively. For a 5% (2024: 5%) weakening of RMB against US$ and HK$ respectively, there would be an equal and opposite impact on the result.

	US$ (i)		HK$ (ii)	
	2025	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000
Impact for post-tax loss for the year (2024: impact for post-tax loss for the year)	**(145)**	(322)	**(294)**	41,758

(i) This is mainly attributable to the exposure to certain bank balances denominated in US$.

(ii) This is mainly attributable to the exposure to certain bank balances, certain other borrowings and certain trade and other payables denominated in HK$.

33. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank and other borrowings (see Note 28), pledged bank deposits and bank balances. It is the Group's policy to keep its bank borrowings at floating interest rate so as to minimise the fair value interest rate risk.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate other borrowings, amounts due to a non-controlling shareholder, amount due from a joint venture (see Note 39), bank balances and restricted and pledged bank deposits. The Group currently have not entered into any hedging instrument for fair value interest rate risk.

The Group's exposures to interest rate risk on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of the PBOCLR, LPR and HIBOR arising from the Group's RMB and HK$ denominated bank and other borrowings respectively.

Sensitivity analysis

The Group does not anticipate there is any significant impact on its interest-bearing assets resulting from the changes in interest rates as the interest rates of bank deposits are not expected to change significantly.

The sensitivity analyses below have been determined based on the exposure to interest rate risk for variable-rate bank and other borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 (2024: 100) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 (2024: 100) basis point higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2025 would have increased/decreased by HK$74,005,000 (2024: post-tax loss for the year ended 31 December 2024 would have increased/decreased by HK$57,940,000) assuming interest of HK$23,699,000 (2024: HK$40,403,000) had been capitalised into qualifying assets.

Credit risk and impairment assessment

As at 31 December 2025, other than those financial assets whose carrying amounts best represented the maximum exposure to credit risk, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure to discharge an obligation by the counterparties was the value of the liabilities in relation to financial guarantees provided by the Group as disclosed in Note 37(a). The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts.

The Group's credit risk is primarily attributable to its trade and other receivables, amounts due from related companies, restricted and pledged bank deposits and bank balances and a financial guarantee contract.

33. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

With respect to the credit risk of the Group's treasury operations, the management of the Group has established internal procedures to monitor the Group's bank balances to be placed with and securities investments to be entered into with financial institution of good reputation. These internal procedures also impose limitation on the amount outstanding and to manage the credit ratings on equity investments to be held, so as to minimise the Group's credit risk exposure.

The credit risk on bank balances and restricted and pledged bank deposits is limited because the counterparties are banks with good reputation and high credit ratings assigned by international credit rating agencies. There has been no recent history of default in relation to these banks and thus the risk of default is regard as low.

In order to minimise the credit risk on trade and other receivables and amounts due from related companies, the management of the Group implements monitoring procedures to ensure that follow-up action is taken to recover overdue debts and reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate allowances are made for irrecoverable amounts on trade and other receivables (including lease receivables) and amounts due from related companies. In this regard, the management of the Group considers that the credit risks on these balances are significantly reduced. The Group applies simplified approach on trade receivables and lease receivables and general approach on other receivables and amounts due from related companies to assess ECL prescribed by HKFRS 9. To measure the ECL on these balances, the balances are assessed individually on the recoverability based on historical settlement records, past experience, and also the available and supportive forward-looking information. Except for amount due from related parties set out in note 39 and receivables from a former subsidiary set out in note 25(iv), the management of the Group believes that there is no material credit risk inherent in these outstanding balances.

The Group's concentration of credit risk by geographical location is mainly in the PRC, which account for 100% (2024: 100%) of the total trade and other receivables (including lease receivables) and amounts due from related companies as at 31 December 2025. The management of the Group closely monitors the subsequent settlement of these balances and financial positions of related companies and debtors to which the Group made advancements. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

33. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

In relation to the guarantees provided by the Group to secure obligations of the buyers of the property units for the repayment of their mortgage loans, if there is a default on repayment of mortgage loans by these buyers, the Group is responsible for repaying the banks the outstanding mortgage loans together with any accrued interests and penalties thereon. Under such circumstance, the Group is entitled to forfeit the property buyer's deposits, take over the legal titles and possession of the related properties and re-sell them to other interested buyers to recover any amounts paid or payable by the Group to banks. In this regard, the management of the Group considers that the Group's credit risk on such guarantees is significantly reduced. Detailed disclosures of these guarantees are set out in Note 37(a).

The Group's exposure to credit risk is mainly influenced by the characteristics of each individual non-governmental customer rather than the industry or country in which the customer operates. Therefore, significant concentration of credit risk arises when the Group has significant exposure to receivables from any individual non-governmental customer. At the end of the reporting period, the Group had no significant concentration of credit risk in its business including property development, property investment, hotel operations and property management.

The Group's credit risk positions on other receivables is closely monitored by the management of the Group.

For financial guarantee contracts, the aggregate utilised amounts of outstanding financial guarantees issued to banks in respect of bank facilities granted to a joint venture and property buyers of the Group that the Group could be required to pay at the end of the reporting period are set out in Note 37(a). The fair value of these financial guarantees, at dates of initial recognition, were considered insignificant. At the end of the reporting period, the management of the Group has performed impairment assessment, and details are set out in Note 37(a).

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2025, the Group had available unutilised banking facilities of HK$2,483,106,000 (2024: HK$4,950,469,000).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The details in the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes information on both interest and principal cash flows. To the extent that interest is at floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

33. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	On demand or less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount as at 31 December 2025 HK$'000
2025						
Non-derivative financial liabilities						
Trade and other payables	1,481,355	–	–	–	1,481,355	1,481,355
Amounts due to related companies	591,585	–	–	–	591,585	579,597
Bank and other borrowings	8,526,772	2,191,462	6,543,805	3,583,657	20,845,696	19,357,881
Dividends payable	23,641	–	–	–	23,641	23,641
Financial guarantee contracts issued						
Maximum amount guaranteed (Note 37(a))	819,427	–	–	–	819,427	–
	11,442,780	2,191,462	6,543,805	3,583,657	23,761,704	21,442,474
Lease liabilities	19,238	19,227	49,186	57,700	145,351	131,195

	On demand or less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount as at 31 December 2024 HK$'000
2024						
Non-derivative financial liabilities						
Trade and other payables	2,246,264	–	–	–	2,246,264	2,246,264
Amounts due to related companies	675,921	–	–	–	675,921	675,921
Bank and other borrowings	9,010,734	4,245,708	2,689,660	2,910,004	18,856,106	17,803,227
Dividends payable	23,641	–	–	–	23,641	23,641
Financial guarantee contracts issued Maximum amount guaranteed (Note 37(a))	500,592	–	–	–	500,592	49,843
	12,457,152	4,245,708	2,689,660	2,910,004	22,302,524	20,798,896
Lease liabilities	26,316	23,972	60,156	67,432	177,876	148,450

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the financial guarantee arrangements if the counterparty to the guarantee claims the amount. Based on expectations made by the management of the Group, at the end of the reporting period, it is not likely an amount is payable under the arrangement. However, this estimate is subject to changes as it depends on the probability that the counterparty to guarantee who exercises the right to claim. It is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for non-derivative financial liabilities with variable interest rate are subject to change if changes in variable interest rates differ to the interest rates estimated at the end of the reporting period.

33. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank and other borrowings, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group actively and regularly reviews the capital structure. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of not more than 100% determined as the proportion net debt, which includes bank and other borrowings less bank balances and cash and restricted and pledged bank deposits to equity. As at 31 December 2025, the gearing ratio of the Group is 77.8% (2024: 64.8%). Based on recommendations of the management of the Group, the Group will balance its overall capital structure through new shares issue, and share buy-backs as well as the issue of new debt or the redemption of existing debts.

34. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets.

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the management of the Group considers the financial impact of these instruments to the Group is not significant.

(i) Fair values of the Group's financial assets that are measured at fair value on a recurring basis

The Group's equity instruments at FVTOCI are measured at fair values at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined.

Financial assets	Fair value 2025	Fair value 2024	Fair value hierarchy	Valuation techniques and inputs	Significant unobservable inputs
Equity instruments at FVTOCI	**Listed equity securities in the PRC — HK$23,685,000**	Listed equity securities in the PRC — HK$19,195,000	Level 1	Quoted bid prices in an active market	N/A
	Unlisted equity securities in the PRC — HK$2,450,000	Unlisted equity securities in the PRC — HK$3,405,000	Level 3	Adjusted net asset value method under cost approach	Discount factor of 5% (2024: 5%)

34. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Reconciliation of Level 3 fair value measurement

	Unlisted equity securities classified as equity instruments at FVTOCI HK$'000
At 1 January 2024	4,545
Disposal	(1,011)
Exchange realignment	(129)
At 31 December 2024 and 1 January 2025	3,405
Disposal	(1,084)
Exchange realignment	129
At 31 December 2025	2,450

In the opinion of the management of the Group, there were no material change in fair value of unlisted equity instruments at FVTOCI during the years ended 31 December 2025 and 2024. No material impact on the fair values of these instruments is expected if there is 5% increase or decrease of the discount factor. Therefore, no sensitivity analysis is presented.

There was no transfer between instruments in Level 1, 2 and 3 in both years.

(iii) Fair values of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on the discounted cash flow analysis.

The management of the Group considers that the carrying amounts of other financial assets and financial liabilities at amortised cost approximate their respective fair values.

35. CAPITAL COMMITMENTS

	The Group 2025 HK$'000	2024 HK$'000
Expenditure contracted for but not provided for in the consolidated financial statements		
— additions in properties under development for sale	**1,556,949**	2,236,994
— capital contribution into a joint venture	**—**	43,854
	1,556,949	2,280,848

36. OPERATING LEASES

The Group as lessor

Property rental income earned during the year was HK$803,557,000 (2024: HK$793,844,000). Certain of the Group's investment properties are under committed leases for the next two to ten years with an option to renew the lease after that date, at which time all terms are renegotiated.

Undiscounted lease payments receivable on leases are as follows:

	2025 HK$'000	2024 HK$'000
Within one year	**588,889**	586,910
In the second year	**430,200**	430,363
In the third year	**327,316**	317,858
In the fourth year	**261,224**	257,057
In the fifth year	**198,845**	200,515
After five years	**331,725**	352,184
	2,138,199	2,144,887

37. FINANCIAL GUARANTEE CONTRACTS AND CONTINGENT LIABILITIES

(a) Financial guarantee contracts

	2025 HK$'000	2024 HK$'000
Guarantees given to banks in respect of banking facilities utilised by:		
— property buyers	**429,672**	395,823
— a related party	**389,755**	104,769
	819,427	500,592

Guarantees given to banks in respect of banking facilities utilised by property buyers

The Group entered into agreements with certain banks with respect to mortgage loans provided to buyers of the Group's property units and made deposits as security to and gave guarantees on mortgage loans provided to the buyers by these banks under the agreements. The management of the Group considers that the possibility of default of repayment of the mortgage loans by the relevant buyers is remote and, in case of the default, the net realisable value of the related properties withheld by the Group can recover the repayment of the outstanding mortgage principals together with the accrued interests and penalties. Accordingly, no provision under HKFRS 9 has been made for in the consolidated financial statements for these guarantees.

Guarantees given to banks in respect of banking facilities utilised by a related party of the Group

The Group provided guarantee to banks in connection with financial facilities granted to a related company. As at 31 December 2025, the maximum liability of the Group under such guarantees were the outstandings amount of the bank borrowings to a related party of RMB350,000,000 (equivalent to HK$389,755,000) (2024: RMB98,441,000 (equivalent to HK$104,769,000)). The directors of the Company consider that no provision is needed in respect of the guarantees since the fair value is not significant. Further details are included in note 39.

(b) Contingent liabilities

In the opinion of the management of the Group, there were no material contingent liabilities of the Group which required a separate disclosure in the consolidated financial statements for both years.

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Dividends payable HK$'000	Interest payable HK$'000	Bank and other borrowings HK$'000 (Note 28)	Amounts due to related companies HK$'000 (Note 39)	Lease liabilities HK$'000 (Note 29)	Total HK$'000
At 1 January 2024	22,182	90,369	18,002,416	776,067	51,742	18,942,776
Financing cash flows (note)	(137,173)	—	(281,588)	(123,502)	(47,939)	(590,202)
Finance costs recognised (Note 8)	—	—	628,573	24,850	5,740	659,163
New leases entered	—	—	—	—	142,010	142,010
Transfer	—	(5,965)	5,965	—	—	—
Dividends declared	138,632	—	—	—	—	138,632
Foreign exchange translation	—	—	(552,139)	(10,545)	(3,103)	(565,787)
At 31 December 2024 and 1 January 2025	23,641	84,404	17,803,227	666,870	148,450	18,726,592
Financing cash flows (note)	—	—	143,473	(133,451)	(27,657)	(17,635)
Finance costs recognised (Note 8)	—	—	574,295	11,274	3,595	589,164
Transfer	—	(3,623)	3,623	—	—	—
Foreign exchange translation	—	—	833,263	34,904	6,807	874,974
At 31 December 2025	23,641	80,781	19,357,881	579,597	131,195	20,173,095

Note: The financing cash flows represented the net amount of proceeds from bank and other borrowings, advances from related companies, payments of transaction costs for issue of domestic corporate bonds and medium term notes, payments of finance costs, repayments of bank and other borrowings, repayments to related companies, repayment of lease liabilities and payments of dividends.

39. RELATED PARTY TRANSACTIONS AND OUTSTANDING BALANCE

(a) Transactions with key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the directors of the Company as disclosed in Note 11, is as follows:

	2025 HK$'000	2024 HK$'000
Short-term employee benefits	4,841	4,328

Total remuneration is included in Note 10 "total staff costs".

39. RELATED PARTY TRANSACTIONS AND OUTSTANDING BALANCE (CONTINUED)

(b) Transactions with related parties

Saved as disclosed in elsewhere in the consolidated financial statements, the Group has following transactions with related parties:

Names of related companies	Nature of transactions	For the year ended 31 December 2025 HK$'000	2024 HK$'000
Entities controlled by SIIC	Management service income	3,982	17,015
	Interest expense	(24,403)	(25,089)
Entities controlled by SIHL	Management fee	(14,447)	(17,697)
	Property charges	(1,534)	(3,314)
	Rental income	4,327	2,707
	Interest expense	—	(30,821)
Associates	Property agency fee	—	(49)
Entities controlled by Xuhui SASAC	Management service income	6,585	14,791
	Interest expense on lease liabilities	(3,977)	(3,849)
Non-controlling shareholders	Interest expense	(11,274)	(24,850)

(c) Other transactions with related parties:

	2025 HK$'000	2024 HK$'000
Guarantees provided to related parties:		
— a joint venture	—	104,769
— an associate	389,755	—

39. RELATED PARTY TRANSACTIONS AND OUTSTANDING BALANCE (CONTINUED)

(d) Outstanding balance with related parties

The Group had the following balances with related parties:

	2025 **HK$'000**	2024 HK$'000
Amount due from a related company recognised as non-current assets:		
Non-trade-related:		
— A joint venture (note (ii))	**417,015**	264,159
Less: ECL allowance	**(417,015)**	(106,830)
	–	157,329
Amounts due from related companies recognised as current assets:		
Non-trade-related:		
— A joint venture (note (ii))	**234**	223
— An entity controlled by Xuhui SASAC (note (i))	**1,476**	1,395
	1,710	1,618
Amounts due to related companies recognised as current liabilities:		
Non-trade-related:		
— Xuhui SASAC and entities controlled by Xuhui SASAC (note (i))	**44,634**	44,506
— Non-controlling shareholders (note (iii))	**508,575**	597,146
— SIHL (note (iv))	**26,388**	25,218
Trade-related:		
— An associate (note (v))	**–**	9,051
	579,597	675,921
Lease liabilities		
— Entities controlled by Xuhui SASAC (note (vi))	**120,369**	127,391

Notes:

(i) The entire amounts due from and to Xuhui SASAC and entities controlled by Xuhui SASAC are non-trade in nature, interest-free, unsecured and repayable on demand.

39. RELATED PARTY TRANSACTIONS AND OUTSTANDING BALANCE (CONTINUED)

(d) Outstanding balance with related parties (Continued)

Notes: (Continued)

(ii) The entire amounts due from joint ventures are non-trade in nature and unsecured.

The balance related to an amount due from a joint venture of the Group, net of ECL allowance, represents funds advanced by the Group at a guaranteed return of 8% per annum to a joint venture for its acquisition of parcels of land and subsequent construction expenditure in respect of a property development project located at Wuhan in the PRC. During the year ended 31 December 2025, an amount of ECL of HK$248,289,000 (2024: HK$106,830,000) was recognised in profit or loss due to significant deterioration of the real estate market in Wuhan in the PRC where the property development project of the joint venture locates which might adversely effect the operating results of this joint venture in the foreseeable future.

(iii) The amounts due to non-controlling shareholders of the Group's subsidiaries are non-trade in nature and unsecured.

Included in the balances as at 31 December 2025 there were amounts of HK$387,650,000 (2024: HK$527,074,000) which represented loans advanced from non-controlling shareholders of subsidiaries of the Group at interest rates ranging from 3% to 3.1% (2024: 4.75% to 7%) per annum.

The remaining balances were interest-free and repayable on demand.

(iv) The amounts are due to the Group's intermediate holding company (i.e., SIHL) and are non-trade in nature, interest-free and repayable on demand.

(v) The amounts are trade in nature, unsecured and interest-free. The Group is granted an average credit period of 30 days for the outstanding balance.

(vi) The Group entered into a property leasing agreement with Shanghai Huanyu Urban Investment and Development Co., Ltd., which is a company established in the PRC and wholly owned by Xuhui SASAC for the lease of a property and certain car park units parking spaces where the Group as a lessee for a term of five years ending 30 April 2029. The Group has the right to extend the term for a further five years upon expiry.

(e) Disposal of equity interest in an associate to a related party

On 13 November 2025, the Group entered into an equity transfer agreement with Shanghai Huashi and Shanghai Lingfeng Medical. Under the agreement, Shanghai Lingfeng Medical, a subsidiary of SIIC, conditionally agreed to acquire a 49% equity interest in Shanghai Shangshi Medical for a total consideration of RMB73,598,000. The Group's 19% indirect interest in Shanghai Shangshi Medical had previously been classified as an investment in an associate in the Company's consolidated financial statements. Upon completion of the disposal, the Company no longer holds any interest in Shanghai Shangshi Medical.

40. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss) profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025 HK$'000	2024 HK$'000	2025 HK$'000	2024 HK$'000
SUD and its subsidiaries	Incorporated and operating in Shanghai	41%	41%	(64,677)	63,195	3,592,115	3,630,267
AWI and its subsidiaries	Incorporated in the BVI and the PRC and operating in Shanghai	49%	49%	66,429	18,889	2,440,614	2,300,995
Individually immaterial subsidiaries with non-controlling interests				(128,649)	(123,722)	115,982	150,356
				(126,897)	(41,638)	6,148,711	6,081,618

40. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below.

The summarised financial information below represents amounts shown in SUD's consolidated financial statements prepared in accordance with HKFRS Accounting Standards and before intragroup eliminations:

SUD and its subsidiaries

	2025 HK$'000	2024 HK$'000
Non-current assets	**18,157,828**	16,109,804
Current assets	**5,598,037**	7,628,059
Current liabilities	**(6,664,391)**	(7,804,142)
Non-current liabilities	**(9,046,620)**	(7,778,645)
Equity attributable to owners of the Company	**4,452,739**	4,524,809
Non-controlling interests of SUD	**3,094,277**	3,144,358
Non-controlling interests of SUD's subsidiaries	**497,838**	485,909
Revenue	**1,535,742**	4,739,161
Expenses	**(1,651,373)**	(4,473,465)
(Loss)/profit before tax	**(115,631)**	265,696
(Loss)/profit for the year	**(153,393)**	103,430
(Loss)/profit attributable to owners of the Company	**(88,716)**	40,235
(Loss)/profit attributable to the non-controlling interests of SUD	**(61,650)**	27,960
(Loss)/profit attributable to the non-controlling interests of SUD's subsidiaries	**(3,027)**	35,235
(Loss)/profit for the year	**(153,393)**	103,430
Other comprehensive expense attributable to owners of the Company	**(13,348)**	(196,899)
Other comprehensive expense attributable to the non-controlling interests of SUD	**(5,219)**	(141,450)
Other comprehensive income/(expense) attributable to the non-controlling interests of SUD's subsidiaries	**22,238**	(16,803)
Other comprehensive income/(expense) for the year	**3,671**	(355,152)

40. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

SUD and its subsidiaries (Continued)

	2025 HK$'000	2024 HK$'000
Total comprehensive expense attributable to owners of the Company	(102,064)	(156,664)
Total comprehensive expense attributable to the non-controlling interests of SUD	(66,869)	(113,490)
Total comprehensive income attributable to the non-controlling interests of SUD's subsidiaries	19,211	18,432
Total comprehensive expense for the year	(149,722)	(251,722)

	2025 HK$'000	2024 HK$'000
Dividends paid to non-controlling interests of SUD	–	93,333
Dividend paid to non controlling interests of SUD's subsidiaries	7,283	65,236
Net cash (used in)/generated from operating activities	(267,335)	3,171,708
Net cash used in investing activities	(199,045)	(349,928)
Net cash generated from/(used in) financing activities	42,285	(1,280,541)
Net cash (outflow)/inflow	(424,095)	1,541,239

40. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The summarised financial information below represents amounts shown in AWI's consolidated financial statements prepared in accordance with HKFRS Accounting Standards and before intragroup eliminations:

AWI and its subsidiaries

	2025 HK$'000	2024 HK$'000
Non-current assets	6,266,595	5,936,465
Current assets	181,747	170,604
Current liabilities	(132,148)	(128,888)
Non-current liabilities	(1,335,350)	(1,282,273)
Equity attributable to owners of the Company	2,540,230	2,394,913
Non-controlling interests of AWI	2,440,614	2,300,995
Revenue	301,396	330,936
Expenses	(128,775)	(289,616)
Profit before tax	172,621	41,320
Profit for the year	135,570	38,549
Profit attributable to owners of the Company	69,141	19,660
Profit attributable to the non-controlling interests of AWI	66,429	18,889
Profit for the year	135,570	38,549

40. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

AWI and its subsidiaries (Continued)

	2025 HK$'000	2024 HK$'000
Other comprehensive income/(expense) attributable to owners of the Company	114,070	(82,339)
Other comprehensive income/(expense) attributable to the non-controlling interests of AWI	109,597	(79,110)
Other comprehensive income/(expense) for the year	223,667	(161,449)
Total comprehensive income/(expense) attributable to owners of the Company	183,211	(62,679)
Total comprehensive income/(expense) attributable to the non-controlling interests of AWI	176,026	(60,221)
Total comprehensive income/(expense) for the year	359,237	(122,900)
Dividends paid to non-controlling interests of AWI	36,407	36,316
Net cash generated from operating activities	138,038	140,531
Net cash (used in)/generated from investing activities	(55,849)	1,036
Net cash used in financing activities	(85,570)	(84,213)
Net cash (outflow)/inflow	(3,381)	57,354

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 HK$'000	2024 HK$'000
Non-current assets		
Investments in subsidiaries	2,387,755	2,405,964
Property and equipment	60	52
Right-of-use assets	6,117	9,175
Amounts due from subsidiaries	8,553,486	8,622,644
	10,947,418	11,037,835
Current assets		
Amounts due from subsidiaries	7,024,560	8,484,441
Deposit and prepayment	1,414	1,690
Bank balances and cash	82,791	107,345
Loan receivable from a subsidiary	20,000	20,362
	7,128,765	8,613,838
Current liabilities		
Other payables and accruals	7,984	8,058
Amount due to intermediate holding company	78,819	78,819
Amounts due to subsidiaries	4,044,352	4,115,410
Bank and other borrowings	2,604,900	4,341,911
Lease liabilities	3,056	2,915
Dividends payable	23,641	23,641
	6,762,752	8,570,754
Net current assets	366,013	43,084
Total assets less current liabilities	11,313,431	11,080,919
Non-current liabilities		
Bank borrowings	733,519	210,728
Lease liabilities	3,204	6,260
	736,723	216,988
Total assets less total liabilities	10,576,708	10,863,931
Capital and reserves		
Share capital	191,217	191,217
Reserves	10,385,491	10,672,714
	10,576,708	10,863,931

Mr. Huang Haiping
Director

Mr. Li Zhonghui
Director

42. STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Exchange reserve HK$'000	Shareholders' contribution HK$'000 (note)	Accumulated losses HK$'000	Total HK$'000
As at 1 January 2024	191,659	8,302,292	505,326	74,419	2,475,111	(1,402,589)	10,146,218
Profit for the year	–	–	–	–	–	1,131,379	1,131,379
Exchange difference on translation from functional currency to presentation currency	–	–	–	(271,111)	–	–	(271,111)
Total comprehensive (expense)/income for the year	–	–	–	(271,111)	–	1,131,379	860,268
Repurchase of ordinary shares (Note 31)	–	(3,914)	–	–	–	–	(3,914)
Cancellation of ordinary shares (Note 31)	(442)	442	–	–	–	–	–
Transaction costs attributable to repurchase of ordinary shares (Note 31)	–	(9)	–	–	–	–	(9)
Dividends recognised as distributions (Note 43)	–	–	(138,632)	–	–	–	(138,632)
At 31 December 2024 and 1 January 2025	191,217	8,298,811	366,694	(196,692)	2,475,111	(271,210)	10,863,931
Loss for the year	–	–	–	–	–	(657,812)	(657,812)
Exchange difference on translation from functional currency to presentation currency	–	–	–	370,589	–	–	370,589
Total comprehensive income/(expense) for the year	–	–	–	370,589	–	(657,812)	(287,223)
As at 31 December 2025	191,217	8,298,811	366,694	173,897	2,475,111	(929,022)	10,576,708

Note: The shareholders' contribution represents contribution from SIHL arising from the combination under common control during the year ended 31 December 2011.

43. DIVIDENDS

Dividends recognised as distribution during the year:

	Year ended 31 December	
	2025	2024
	HK$'000	HK$'000
Final dividend declared	–	100,389
Special dividend declared	–	38,243
	–	138,632

The directors of the Company do not recommend the payment of any final dividend or special dividend for the year ended 31 December 2025.

A final dividend and a special dividend of HK2.1 cents per ordinary share and HK0.8 cent per ordinary share respectively, in an aggregate amount of HK$138,632,000, in respect of the year ended 31 December 2024, were declared and an amount of HK$137,173,000 was paid during the year ended 31 December 2024.

44. EVENTS AFTER THE REPORTING PERIOD

On 6 March 2026, the Company entered into the Financial Services Agreement with SIIC Finance Limited, a subsidiary of SIIC, pursuant to which it is agreed that members of the Group will engage SIIC Finance Limited for the provision of deposit services, credit services and other financial services for a term not exceeding three years. Details of this agreement are set out in the Company's announcement dated 6 March 2026.

On 13 March 2026, the Group has successfully acquired the land use rights to Lot S04–16, Unit S031102, Xuhui District, Shanghai in the government run public auction for a land premium of approximately RMB2.675 billion. The Group will enter into formal land transfer agreement for the land use rights to the Land with the relevant government entity in due course. Details of this subscription are set out in the Company's announcement dated 13 March 2026.

45. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

46. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 March 2026.

FINANCIAL SUMMARY

	Year ended 31 December				
	2021	2022	2023	2024	**2025**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	11,015,088	11,022,496	7,953,596	12,440,369	**3,667,924**
Profit (loss) before tax	3,661,442	1,153,599	1,855,255	215,098	**(724,885)**
Income tax	(2,762,758)	(848,598)	(1,364,542)	(587,926)	**(363,904)**
Profit (loss) for the year	898,684	305,001	490,713	(372,828)	**(1,088,789)**
Attributable to:					
Owners of the Company	572,328	406,823	494,570	(331,190)	**(961,892)**
Non-controlling interests	326,356	(101,822)	(3,857)	(41,638)	**(126,897)**
	898,684	305,001	490,713	(372,828)	**(1,088,789)**

	As at 31 December				
	2021	2022	2023	2024	**2025**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Assets and liabilities					
Total assets	71,874,828	57,446,787	59,016,220	48,984,760	**47,108,494**
Total liabilities	(49,163,406)	(36,615,513)	(38,507,726)	(29,874,756)	**(28,304,676)**
	22,711,422	20,831,274	20,508,494	19,110,004	**18,803,818**
Equity contributable to:					
Owners of the Company	15,213,886	14,560,271	14,010,969	13,028,386	**12,655,107**
Non-controlling interests	7,497,536	6,271,003	6,497,525	6,081,618	**6,148,711**
	22,711,422	20,831,274	20,508,494	19,110,004	**18,803,818**

GLOSSARY OF TERMS

Term used	Brief description
"2025 ESG Report"	the environmental, social and governance report of the Company for the year ended 31 December 2025
"2026 AGM"	the forthcoming annual general meeting of the Company, which is scheduled to be held on Tuesday, 19 May 2026
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"Bye-laws"'	the Bye-laws of the Company, as amended from time to time
"Company" or "SIUD"	Shanghai Industrial Urban Development Group Limited (上海實業城市開發集團有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
"Company Secretary"	the company secretary of the Company
"Director(s)"	the director(s) of the Company
"ESG Working Group"	the working group in respect of the environmental, social and governance of the Company
"Equity Interest"	collectively, the SIUD Shanghai Healthcare Management Equity Interest and the Shanghai Huashi Equity Interest, representing in aggregate 49% of the entire equity interest in the Shanghai Shangshi Medical, which is being disposed of by the sellers pursuant to the terms of the equity transfer agreement
"Group"	the Company and its subsidiaries from time to time
"HKSAR"	the Hong Kong Special Administrative Region of the PRC
"Independent Financial Adviser"	Optima Capital Limited, a corporation licensed to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company for the purpose of Rule 14A.52 of the Listing Rules
"Investment Appraisal Committee"	the investment appraisal committee of the Company

GLOSSARY OF TERMS

Term used	Brief description
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules of the Stock Exchange
"Nomination Committee"	the nomination committee of the Company
"President"	the president of the Company
"PRC"	the People's Republic of China
"Remuneration Committee"	the remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Huashi"	上海華氏資產經營有限公司 (Shanghai Huashi Asset Management Co., Ltd.), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Shanghai Pharmaceutical (Group)
"Shanghai Lingfeng Medical"	上海凌風醫療管理有限公司 (Shanghai Lingfeng Medical Management Co., Ltd.), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of SIIC
"Shanghai No. 9 People's Hospital"	上海交通大學醫學院附屬第九人民醫院 (Shanghai No.9 People's Hospital Affiliated to Shanghai JiaoTong University, School of Medicine), a public institution registered with the Shanghai Municipal Health Bureau and established in accordance with the laws of the PRC and to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, an independent third party
"Shanghai Pharmaceutical (Group)"	上海醫藥(集團)有限公司 (Shanghai Pharmaceutical (Group) Co., Ltd.), a company incorporated in the PRC with limited liability and a 60%-owned subsidiary of SIIC Shanghai. The remaining 40% equity interest of Shanghai Pharmaceutical (Group) is held by 中國華源集團有限公司 (China Worldbest Group Company Limited), to which its ultimate beneficial owners, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, are independent third parties

GLOSSARY OF TERMS

Term used	Brief description
“Shanghai Real Power”	上海瑞力投資基金管理有限公司 (Shanghai Real Power Capital Co., Ltd.), a company established in the PRC
“Shanghai Ruisheng”	上海瑞昇股權投資管理有限公司 (Shanghai Ruisheng Equity Investment Management Co., Ltd.), a company established in the PRC
“Shanghai Shangshi Medical”	上海上實醫療美容醫院有限公司 (Shanghai Shangshi Medical Cosmetology Hospital Co., Ltd.) (formerly known as 上實(上海)醫療美容醫院有限公司), a company with limited liability incorporated in the PRC
“Shareholder(s)”	holder(s) of share(s) of the Company
“SIHL”	Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the main board of the Stock Exchange (stock code: 363), and a controlling and substantial shareholder of the Company
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, and a controlling and substantial shareholder of the Company
“SIIC Shanghai”	SIIC Shanghai Holdings Co., Ltd. (上海上實(集團)有限公司), a company established in the PRC with limited liability and which is controlled by SIIC as the authorised representative exercising state-owned shareholder’s right over it
“SIUD Shanghai Healthcare Management”	上實城開(上海)大健康管理有限公司(Shanghai Industrial Urban Development (Shanghai) Healthcare Management Co., Ltd.), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“SSE”	the Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

GLOSSARY OF TERMS

Term used	Brief description
“SUD”	Shanghai Urban Development (Holdings) Co., Ltd. (上海城開(集團)有限公司), a company incorporated in the PRC with limited liability and equity of which is indirectly owned by the Company as to 59% and by Xuhui SASAC as to 41%
"Transactions“	The sale and purchase of the sale share and the shareholder's loan pursuant to the sale and purchase agreement dated 14 April 2011 entered into between SIUD and SIHL and the assignment of the dividend receivable pursuant to the deed of assignment dated 14 April 2011 entered into between SIUD and SIHL
“Xuhui SASAC”	The State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District (上海市徐匯區國有資產監督管理委員會), a government authority authorised by and established directly under Shanghai Xuhui District People’s Government for supervising and managing state-owned assets in the possession of Xuhui District, including but not limited to, exercising state-owned shareholders’ right over SUD, and a shareholder holding 41% of the equity interest in SUD

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QR Code

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