綠景（中國）地產投資有限公司

LVGEM (CHINA) REAL ESTATE INVESTMENT COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(HKSE Stock Code: 95)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

RESULTS

The board of directors (the "**Directors**" or the "**Board**") of LVGEM (China) Real Estate Investment Company Limited (the "**Company**" or "**LVGEM (China)**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively known as the "**Group**") for the year ended 31 December 2025 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	NOTES	**2025** ***RMB'000***	2024 *RMB'000* *(Represented)*
Revenue	*3*	**1,866,035**	3,713,887
Cost of sales		**(927,806)**	(2,895,832)
Gross profit		**938,229**	818,055
Other income	*4*	**42,100**	47,987
Other losses, net	*5*	**(322,876)**	(335,155)
Write-down of properties under development and properties held for sale		**(3,854,782)**	(667,121)
Selling expenses		**(90,550)**	(151,852)
Administrative expenses		**(477,939)**	(462,735)
Fair value changes on investment properties		**(5,513,532)**	(2,897,666)
Finance costs	*6*	**(1,124,796)**	(2,049,474)
Share of result of a joint venture		**(2)**	–
Loss before tax	*7*	**(10,404,148)**	(5,697,961)
Income tax credit	*8*	**743,666**	264,307
Loss for the year		**(9,660,482)**	(5,433,654)
Loss for the year attributable to:			
Owners of the Company		**(8,795,089)**	(5,171,433)
Non-controlling interests		**(865,393)**	(262,221)
		(9,660,482)	(5,433,654)
		RMB cents	*RMB cents*
Loss per share attributable to the owners of the Company during the year	*10*		
– Basic		**(145.75)**	(100.69)
– Diluted		**(145.75)**	(100.69)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 *RMB'000*	2024 *RMB'000*
Loss for the year	**(9,660,482)**	(5,433,654)
Other comprehensive income (expense)		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation	**170,928**	(131,090)
Item that will not be reclassified to profit or loss:		
Fair value changes on investments in equity instruments at fair value through other comprehensive income, net of tax	**47,021**	156,923
Other comprehensive income for the year	**217,949**	25,833
Total comprehensive expense for the year	**(9,442,533)**	(5,407,821)
Total comprehensive expense attributable to:		
Owners of the Company	**(8,577,263)**	(5,138,814)
Non-controlling interests	**(865,270)**	(269,007)
	(9,442,533)	(5,407,821)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2025

	NOTES	**2025** *RMB'000*	2024 *RMB'000*
Non-current assets			
Investment properties		**33,151,799**	38,258,781
Property, plant and equipment		**603,167**	799,449
Interest in a joint venture		**6,049**	6,051
Amount due from a joint venture		**501,179**	501,179
Equity instruments at fair value through other comprehensive income		**578,473**	524,303
Restricted bank deposits and pledged bank deposits		**162,376**	259,602
Deferred tax assets		**717,663**	612,893
		35,720,706	40,962,258
Current assets			
Properties under development for sale		**54,400,287**	49,071,485
Properties held for sale		**4,279,200**	4,594,435
Inventories		**617**	733
Accounts receivable	*11*	**108,764**	68,174
Deposits paid, prepayments and other receivables		**1,860,129**	5,637,356
Tax recoverable		**274,059**	208,015
Restricted bank deposits and pledged bank deposits		**494,202**	2,446,765
Bank balances and cash		**183,195**	597,456
		61,600,453	62,624,419
Current liabilities			
Accounts payable	*12*	**5,885,846**	4,444,260
Accruals, deposits received and other payables		**10,437,117**	9,034,281
Contract liabilities		**10,408,675**	8,926,083
Lease liabilities		**64,433**	55,951
Tax liabilities		**2,629,788**	2,475,815
Borrowings		**28,757,071**	30,633,249
Domestic corporate bonds		**975,953**	129,821
Debt component of convertible bond		**140,576**	142,213
Other current liabilities		**3,893,822**	3,599,392
		63,193,281	59,441,065
Net current (liabilities)/assets		**(1,592,828)**	3,183,354
Total assets less current liabilities		**34,127,878**	44,145,612
Non-current liabilities			
Borrowings		**1,863,855**	1,828,128
Domestic corporate bonds		**–**	845,265
Lease liabilities		**252,716**	317,414
Deferred tax liabilities		**2,824,964**	3,633,509
Other non-current liabilities		**14,647,673**	13,540,093
		19,589,208	20,164,409
Net assets		**14,538,670**	23,981,203
Capital and reserves			
Share capital		**53,194**	46,702
Reserves		**9,409,157**	17,992,912
Equity attributable to owners of the Company		**9,462,351**	18,039,614
Non-controlling interests		**5,076,319**	5,941,589
Total equity		**14,538,670**	23,981,203

Notes:

1. GENERAL AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the Company's registered office and principal place of business are Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and Unit 2501, NEO, 123 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong, respectively. Its ultimate controlling party is Mr. WONG Hong King, father of Ms. HUANG Jingshu, the Chairman of the Company, and Mr. HUANG Hao Yuan, the Executive Director of the Company.

The Company acts as an investment holding company and its subsidiaries are principally engaged in real estate development and property investment business in the People's Republic of China (excludes Hong Kong, Macau and Taiwan) ("**Mainland China**" or the "**PRC**") and Hong Kong.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

During the year ended 31 December 2025, the Group incurred a net loss of RMB9,660 million and as at 31 December 2025, the Group's current liabilities exceeded its current assets by RMB1,593 million, and the Group has borrowings amounting to RMB29,874 million (including bank and other borrowings of RMB28,757 million, debt component of convertible bond of RMB141 million and domestic corporate bonds of RMB976 million) that are repayable within one year at the end of the reporting period, of which RMB27,591 million becoming immediately repayable on demand due to defaults or cross defaults triggered. At the same date, the Group has cash and cash equivalents amounting to RMB183 million.

As at 31 December 2025, the Company has successfully extended the interest payment date for loans with an aggregate amount of approximately RMB71 million. These responses have lessened the financial pressures and have improved the liquidity position of the Group. At the same date, the Company has entered into several support letters with certain offshore creditors in respect of the Company's attempt to advance the restructuring and the Company has circulated restructure term sheets to certain creditors. The Company will continue to follow up with the creditors to gather their supports on the restructuring.

In addition, a winding-up petition was filed by a lender ("**A Lender**") at the High Court of the Hong Kong Special Administrative Region ("**High Court**") against the Company on 4 February 2025 due to default in certain notes issued by a subsidiary of the Company and certain financial obligation guaranteed in connection to the notes provided by the Company. The High Court made an order, on 12 February 2026, further adjourning the hearing of the Petition to 1 June 2026.

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

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The directors of the Company have undertaken a number of plans and measures to improve the Group's liquidity and financial position, to restructure the existing borrowings and to oppose the winding-up petition with the A Lender, including:

(i) The Group is seeking the legal advice from a legal advisor in respect of the winding-up petition as to resolutely oppose the winding-up petitions in order to avoid winding-up petition being confirmed by High Court with consequence of liquidation. The High Court has made an order on 12 February 2026, further adjourning the hearing of the winding-up petition on 1 June 2026;

(ii) The Group has appointed a financial advisor and a legal advisor (collectively, the "**Advisors**") to assist it with a restructuring of its offshore bank and other borrowings, in order to reach a consensual solution with all the stakeholders (including "**A Lender**") as soon as practicable;

(iii) The Group has been actively negotiating with existing lenders for renewal or extension for repayment of the Group's borrowings until the Group is able to secure sufficient funding to repay. As of 31 December 2025, the Company has successfully extended the interest payment date for loans with an aggregate amount of approximately RMB71 million. These responses have lessened the financial pressures and have improved the liquidity position of the Group;

(iv) The Group will continue to draw down necessary funding from the loan facilities granted and actively negotiating with several financial institutions to obtain new loans for completing/starting of existing/new property development projects including conducting online media promotions, inviting content creators to promote the properties and on-site property visits of property agents. In addition, the Group has been identifying buyer(s) for disposal of specific properties and timely collect the relevant sales proceeds from sales of its properties. During the last quarter of 2025, the disposal of onshore properties has achieved an aggregated amount of approximately RMB73 million;

(v) The Group will continue to actively make efforts to achieve the latest budgeted sales and pre-sales volumes at current market price for its existing development projects, including conducting online media promotions, inviting content creators to promote the properties and on-site property visits of property agents, and to speed up the collection of the relevant sales proceeds from sales of its properties;

(vi) The Group will strive to maintain a continuing and normal business relationship with major constructors and suppliers to agree the payment arrangements with them and to complete the construction progress as scheduled. The Group will also continue to take active measures to control administrative costs and capital expenditures; and

(vii) The Group will continue to seek opportunity to dispose of its properties at reasonable price to generate more cash inflows to improve the liquidity.

1. GENERAL AND BASIS OF PREPARATION *(Continued)*

The directors of the Company have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2025. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due within twelve months from 31 December 2025. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Group is able to implement the aforementioned plans and measures and continue as a going concern which depend upon the Group's ability to generate adequate cash flows through the following:

(i) successfully obtaining the agreement from the lenders to resolutely oppose the winding-up petition and avoid winding up petition being confirmed by High Court with consequence of liquidation;

(ii) successfully and timely completion of the debt restructuring of its offshore bank and other borrowings;

(iii) successfully negotiating with the Group's existing lenders for the renewal or extension for repayment of the Group's borrowings;

(iv) successfully obtaining of additional new sources of financing for completing or starting of existing or new property development projects as and when needed;

(v) successfully carrying out the Group's business strategy plan to accelerate the pre-sales and sales of properties, speed up the collection of sales proceeds, maintenance of a continuing and normal business relationship with major constructors and suppliers to agree the payment arrangements with them and to complete the construction progress as scheduled, and control costs and contain capital expenditure so as to generate adequate net cash inflows; and

(vi) successfully disposing of the Group's properties at reasonable prices, and timely collection of the proceeds.

Should the Group fail to achieve a combination of the above-mentioned plans and measures, or winding up petition being confirmed by High Court, it might not be appropriate for the directors of the Company to prepare the consolidated financial statements on a going concern basis. Adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

The possible effects on the consolidated financial statements of not preparing on a going concern basis could be both material and pervasive.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	*Lack of Exchangeability*

The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

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

1 Effective for annual periods beginning on or after a date to be determined.

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(Continued)*

New and amendments to HKFRS Accounting Standards in issue but not yet effective *(Continued)*

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have significant impact on the financial performance and position of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the income from property development, property leasing and provision of comprehensive services, net of business tax and other sales related taxes and after deduction of any discounts.

An analysis of the Group's revenue for the year is as follows:

	2025	2024
	RMB'000	*RMB'000*
Sales of properties	**837,204**	2,627,934
Revenue from hotel operation, property management service and other services	**427,885**	419,543
Revenue from contracts with customers	**1,265,089**	3,047,477
Rental income	**600,946**	666,410
	1,866,035	3,713,887
Timing of revenue recognition from contracts with customers		
At a point in time	**837,204**	2,627,934
Over time	**427,885**	419,543

– **Sales of properties**

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are based on customers' specifications with no alternative use. Taking into the consideration of relevant terms, the legal environment and relevant legal precedent, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of relevant properties to customers. Revenue from sales of residential properties and commercial buildings is therefore recognised at a point in time when the completed property is transferred to customers, being at the point that customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

The Group receives an upfront payment for different properties from customers for the subscription of properties and such amount will be treated as the deposits from customers after signing the sale and purchase agreement. However, depending on the market conditions, the Group may offer customers a discount compared to the listed sale price, provided that the customers agree to pay the rest of the consideration earlier.

For contracts entered into with customers on sales of properties, the expected duration of satisfying the performance obligation of which is around one to two years.

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

– **Rental income**

Revenue, include both fixed and variable rents, generated from leasing of commercial properties, office premises, apartments and car parks, is accounted for in accordance with HKFRS 16.

– **Revenue from hotel operation, property management service and other services**

Revenue from hotel operation and property management service is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation, as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

All hotel operation services are for periods less than one year and for the property management service, the Group elected to apply practical expedient by recognising revenue in the amount to which the Group has right to invoice. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

In identifying its operating segments, the executive directors of the Company, being the chief operating decision makers, generally follow the Group's service lines, which represent the main products and services provided by the Group. The Group has identified the following reportable segments under HKFRS 8 *Operating Segments*:

– Real estate development and sales: sales of properties

– Commercial property investment and operations: lease of commercial properties, office premises, apartments and car parks

– Comprehensive services: hotel operation, property management service and other service income

Each of these operating segments is managed separately as each of these products and service lines requires different resources as well as marketing approaches.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the year ended 31 December 2025

	Real estate development and sales *RMB'000*	**Commercial property investment and operations** *RMB'000*	**Comprehensive services** *RMB'000*	**Total** *RMB'000*
Revenue:				
From external customers	**837,204**	**600,946**	**427,885**	**1,866,035**
Inter-segment revenue	**–**	**25,798**	**175,015**	**200,813**
Total segment revenue	**837,204**	**626,744**	**602,900**	**2,066,848**
Reportable segment results	**(3,586,311)**	**576,261**	**93,497**	**(2,916,553)**

For the year ended 31 December 2024

	Real estate development and sales *RMB'000*	Commercial property investment and operations *RMB'000*	Comprehensive services *RMB'000*	Total *RMB'000*
Revenue:				
From external customers	2,627,934	666,410	419,543	3,713,887
Inter-segment revenue	–	11,583	176,117	187,700
Total segment revenue	2,627,934	677,993	595,660	3,901,587
Reportable segment results	(603,510)	624,089	130,355	150,934

Inter-segment sales are at mutually agreed terms.

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Reconciliations of reportable segment results

The Group does not allocate fair value changes on investment properties, other income, other losses, net, depreciation of property, plant and equipment, finance costs, share of result of a joint venture and corporate expenses to individual reportable segment profit or loss for the purposes of resource allocation and performance assessment by the chief operating decision makers while the investment properties are allocated to the segment of "commercial property investment and operations" for presenting segment assets.

The accounting policies adopted in preparing the reportable segment information are the same as the Group's accounting policies.

	2025	2024
	RMB'000	*RMB'000*
		(Represented)
Reportable segment results *(note)*	**938,229**	818,055
Fair value changes on investment properties	**(5,513,532)**	(2,897,666)
Write-down of properties under development and properties held for sale	**(3,854,782)**	(667,121)
Other income	**42,100**	47,987
Other losses, net	**(322,876)**	(335,155)
Depreciation of property, plant and equipment	**(39,103)**	(61,313)
Finance costs	**(1,124,796)**	(2,049,474)
Share of result of a joint venture	**(2)**	–
Corporate expenses	**(529,386)**	(553,274)
Consolidated loss before tax	**(10,404,148)**	(5,697,961)

Note: Without write-down of properties under development and properties held for sale.

Segment assets and liabilities

The following is an analysis of the Group's assets by reportable and operating segment, no liabilities are presented as the information is not reportable to the chief operating decision makers in the resource allocation and assessment of performance:

	2025	2024
	RMB'000	*RMB'000*
Assets		
Real estate development and sales	**61,262,800**	61,215,269
Commercial property investment and operations	**33,937,201**	39,131,259
Comprehensive services	**199,258**	361,943
Reportable segment assets	**95,399,259**	100,708,471
Equity instruments at fair value through other comprehensive income ("**FVTOCI**")	**578,473**	524,303
Bank balances and cash	**51,897**	166,407
Restricted bank deposits and pledged bank deposits	**40,006**	705,415
Deferred tax assets	**717,663**	612,893
Interest in a joint venture and amount due from a joint venture	**507,228**	507,230
Deposits paid, prepayments and other receivables	**1,461**	17,871
Amounts due from related parties	**7,618**	95,780
Amounts due from non-controlling interests	**10,006**	10,006
Corporate assets	**7,548**	238,301
Consolidated total assets	**97,321,159**	103,586,677

For the purpose of monitoring segment performance and allocating resources between segments, all assets are allocated to operating segments other than equity instruments at FVTOCI, certain bank balances and cash, certain restricted bank deposits and pledged bank deposits, deferred tax assets, interest in a joint venture and amount due from a joint venture, certain deposits paid, prepayments and other receivables, amounts due from related parties, amounts due from non-controlling interests and corporate assets.

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are located on the Mainland China, Hong Kong, the United States of America (the "**USA**") and the Kingdom of Cambodia ("**Cambodia**"). Revenue from external customers are mainly generated from the Mainland China for the years ended 31 December 2025 and 2024. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	2025	2024
	RMB'000	*RMB'000*
Mainland China	**27,649,793**	30,655,657
Hong Kong	**5,612,841**	7,698,205
USA	**276**	165,156
Cambodia	**492,056**	539,212
	33,754,966	39,058,230

Note: Non-current assets excluded interest in a joint venture, amount due from a joint venture, restricted bank deposits and pledged bank deposits, equity instruments at FVTOCI and deferred tax assets.

Information about major customers

No major customers contributed over 10% of the total sales of the Group for the years ended 31 December 2025 and 2024.

4. OTHER INCOME

	2025	2024
	RMB'000	*RMB'000*
Interest income	**8,924**	19,599
Dividend income	**29,651**	26,248
Government grants *(note)*	**3,525**	2,140
	42,100	47,987

Note: It mainly represented unconditional cash received from the local government to encourage the business operations in the Mainland China.

5. OTHER LOSSES, NET

	2025	2024
	RMB'000	*RMB'000*
Impairment loss recognised for accounts receivable, net	**(23)**	(4,990)
Impairment loss recognised for amount due from a joint venture	**–**	(21,139)
Impairment loss recognised for amounts due from related parties	**(107)**	(93,610)
Impairment loss recognised for goodwill	**–**	(231,602)
Net foreign exchange (losses)/gains	**(101,251)**	13,118
Fair value changes on derivative component of convertible bond	**–**	2,488
Loss on disposal of property, plant and equipment	**(26,837)**	(4)
Loss on disposal of investment properties	**(195,742)**	–
Others	**1,084**	584
	(322,876)	(335,155)

6. FINANCE COSTS

	2025	2024
	RMB'000	*RMB'000*
Interest on:		
Bank and other borrowings	**2,255,452**	3,007,178
Convertible bonds	**17,284**	24,561
Domestic corporate bonds	**84,253**	84,182
Lease liabilities	**31,435**	29,278
Less: Amount capitalised in investment properties under development and properties under development for sale *(note)*	**(1,263,628)**	(1,095,725)
	1,124,796	2,049,474

Note: The finance costs have been capitalised at rates ranging from 3.20% to 25.00% (2024: 4.50% to 24.00%) per annum.

7. LOSS BEFORE TAX

	2025	2024
	RMB'000	*RMB'000*
Loss before tax is arrived at after charging/(crediting):		
Cost of properties held for sale sold	**568,733**	2,564,323
Write-down of properties under development for sale and properties held for sale	**3,854,782**	667,121
Depreciation of property, plant and equipment	**39,150**	61,364
Less: Amount capitalised in investment properties under development and properties under development for sale	**(47)**	(51)
	39,103	61,313
Gross rental income from investment properties	**600,946**	666,410
Direct operating expenses incurred in respect of investment properties that generated rental income during the year	**(24,685)**	(42,321)
	576,261	624,089
Expense relating to short-term leases	**3,872**	3,859
Auditor's remuneration	**1,832**	2,872
Staff costs		
– Directors' emoluments	**5,326**	5,608
– Salaries and other benefits in kind	**338,666**	402,761
– Amount recognised as expense for retirement benefit costs	**29,769**	29,160
Less: Amount capitalised in investment properties under development and properties under development for sale	**(69,492)**	(87,055)
	304,269	350,474

8. INCOME TAX CREDIT

	Notes	**2025**	2024
		RMB'000	*RMB'000*
Current tax			
– PRC Enterprise income Tax ("**EIT**")	*(a)*	**103,115**	108,185
– PRC withholding tax on dividends distribution		**–**	870
		103,115	109,055
PRC Land Appreciation Tax ("**LAT**")	*(b)*	**80,075**	147,496
Deferred taxation		**(926,856)**	(520,858)
Total income tax credit		**(743,666)**	(264,307)

Notes:

(a) Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the Mainland China subsidiaries is 25% from 1 January 2008 onwards.

(b) Under the Provisional Rules on LAT Implementation Rules of the Mainland China implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

Pursuant to the Cambodia tax laws, a subsidiary of the Group is entitled to preferential tax treatment with full exemption from Cambodia Corporate Income Tax for three years from 1 April 2019 to 31 March 2022. No estimated assessable profits for the year ended 31 December 2025 and 2024 and therefore no Cambodia Corporate Income Tax has been provided.

Under the U.S. Tax Cuts and Jobs Act, the U.S. corporate income tax rate has charged at flat rate of 21% during both years. In addition, under the relevant rules of state tax in California of the U.S., the state tax rate is charged at 8.84% (2024: 8.84%) during the year ended 31 December 2025.

No Hong Kong Profits Tax and U.S. corporate income tax have been provided for as the Group had no estimated assessable profits for both years.

9. DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the year ended 31 December 2025 and 2024.

10. LOSS PER SHARE

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

	2025	2024
	RMB'000	*RMB'000*
Loss		
Loss for the purposes of basic and diluted loss per share	**(8,795,089)**	(5,171,433)

	2025	2024
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares of the Company for the purpose of basis and diluted loss per share	**6,034,346**	5,136,060

The computation of diluted loss per share for the year ended 31 December 2025 and 2024 does not assume the conversion of outstanding convertible bonds and convertible preference shares of the Group as the conversion would result in a decrease in loss per share. Moreover, the computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the years ended 31 December 2025 and 2024.

11. ACCOUNTS RECEIVABLE

	2025	2024
	RMB'000	*RMB'000*
Accounts receivable from:		
– Contracts with customers	**69,290**	38,372
– Lease receivables	**40,107**	35,490
Accounts receivable	**109,397**	73,862
Less: Allowance for credit losses	**(633)**	(5,688)
	108,764	68,174

As at 1 January 2024, trade receivable from contracts with customers amounted to RMB36,317,000.

Accounts receivable represent receivables arising from rental income from leasing properties and comprehensive services (including hotel operation and property management). For the receivables arising from rental income from leasing properties, monthly rents are normally received in advance and sufficient rental deposits are held to minimise credit risk. For accounts receivable generated from hotel operation, the credit term is payable on demand. For accounts receivable generated from property management, receivable generally have credit terms of 30 to 60 days (2024:30 to 60 days). All accounts receivable are denominated in RMB.

The ageing analysis of the Group's accounts receivable, based on invoice dates for rental income from leasing properties and comprehensive services, is as follows:

	2025	2024
	RMB'000	*RMB'000*
Within 1 month	**61,355**	24,217
1 to 12 months	**43,363**	33,501
13 to 24 months	**4,046**	10,456
	108,764	68,174

12. ACCOUNTS PAYABLE

Accounts payable mainly represents amounts due to contractors and government authorities. Payment to contractors is made by reference of progress of the respective construction work and agreed millstones. Payment to government authorities is made by reference to the agreed milestones for payment of land premium.

The following is an ageing analysis of accounts payable presented based on the invoice date:

	2025	2024
	RMB'000	*RMB'000*
Within 1 month	**2,877,159**	1,903,996
1 to 12 months	**1,602,189**	1,872,320
13 to 24 months	**1,221,281**	530,660
Over 24 months	**185,217**	137,284
	5,885,846	4,444,260

The average credit period for purchase of construction materials ranged from six months to one year.

13. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the current year's presentation.

CHAIRMAN'S STATEMENT

On behalf of the Board, I would like to report to all shareholders of the Company the business review and prospects of the Group for the year ended 31 December 2025.

I. Macroeconomic Conditions and Industrial Trends

The year 2025 is the concluding year of China's "14th Five-Year Plan", and the inaugural year for formulating the development blueprint for the"15th Five-Year Plan". During the year, global economic recovery slowdown, increasingly complex and volatile geopolitical landscapes, and evolving international economic and trade regulations, introduced uncertainties into economic conditions. The Chinese government remained committed to high-quality development and exercised precise and effective macroeconomic control policies, resulting in a stable and recovering national economy. According to the statistics of the National Bureau of Statistics, the annual GDP amounted to RMB140,190 billion, representing a year-on-year increase of 5.0%, laying a robust foundation for the macro-development of the industry.

Under the policies consistently improving both supply and demand sides, the real estate market showed signs of steady recovery from the trough. Centering on "stabilizing the market, mitigating risks, and promoting transformation", the policy package, including lowering thresholds for home purchase, optimizing purchase restrictions, favoring the construction of "good homes"," and revitalizing existing assets, effectively stimulated the release of both rigid and improved housing demands. This gradually improved market expectations, driving the transition of the industry toward a phase of high-quality development.

Urban renewal has emerged as a strategic initiative to propel high-quality urban development and expand domestic demand. During 2025, its top-level design continued to mature; backed by unprecedented policy support, it opened up new growth opportunities for enterprises with relevant core competencies.

II. Business Review of the Group in 2025

Amid a complex environment of the industry, the Group adhered to a long-term perspective, and upheld its positioning as a "creator of urban value". Focusing on the Guangdong-Hong Kong-Macao Greater Bay Area (the "**GBA**"), it promoted the synergistic development of the three major business segments: real estate development, commercial property investment and operations, and comprehensive services, demonstrating robust business resilience.

1. Real Estate Development Business: Upholding Quality Delivery with Significant Progress in Core Projects

During the year, the Group's real estate development business advanced steadily, with a total gross floor area of projects with construction underway exceeding 1.5 million square meters and annual property deliveries exceeding 600,000 square meters. Notably, the landmark Shenzhen Baishizhou Urban Renewal Project achieved a milestone breakthrough. Overcoming multiple challenges, the Group rigorously fulfilled its commitment to "guaranteed delivery of properties", successfully launching the high-quality delivery of Phase I, LVGEM Baishizhou Jingting, in February 2026. The delivery not only showcased the Group's excellent project execution capabilities and commitment to contract performance, winning wide recognition from the market, government, and customers, but also laid a solid foundation for the subsequent development of this major project.

2. Commercial Property Investment and Operations: Generating Steady Cash Flow with the two-pronged business model

The Group adhered to the two-pronged business model of "residential and commercial". "NEO" and "Zoll", its two major commercial brands, maintained robust operating performance and occupancy rates through continual upgrade in business formats, scenario innovations, and operational efficiency improvement. They contributed sustainable and steady rental income, effectively smoothing out cyclical fluctuations in the development business segment and serving as a "cornerstone" for the Group's business results.

3. Comprehensive Services Business: Enhancing Customer Loyalty with Diverse Synergies

Pursuing the customer-centric principle, the comprehensive services segment continuously uplifted the professional standards and service quality of property management, hotel operation, and value-added services. Stable revenue of this business during the reporting period demonstrated its independent profitability and ability to generate steady cash flow, further consolidating the foundation for business diversification of the Group.

4. ***Financial and Capital Management: Steady Progress in Offshore Debt Restructuring with Prudent Response Approach***

Consistently with top priority of financial security, the Group adhered to the principle that "cash is king." By enhancing closed-loop capital management, expanding financing channels, and prudently disposing of assets (such as completion of the sale of a hotel property in Los Angeles, USA), the Group continued to optimize its capital structure and debt maturity profile to safeguard liquidity. Additionally, the Company actively and continuously engage in constructive communication with various creditors and professional advisors, advancing the offshore debt restructuring steadily as scheduled. The Board is confident in entering into a mutually acceptable restructuring plan that will restore the Company's capital structure to financial soundness and enable it to seek further development, while safeguarding the interests of all the stakeholders.

III. Future Prospect and Strategies

Looking forward to 2026, we anticipate China's economy will maintain its trajectory of recovery. The real estate market will further differentiate, with projects featuring "prime locations, quality products, and remarkable services" leading the turnaround in core cities. The strategic importance of urban renewal will further grow, providing the industry with a sustainable development business segment.

Leveraging more than four decades of profound exposure in the GBA, particularly in urban renewal, and its "mega-city" development model, the Group will seize dual strategic opportunities in regional development and urban renewal. We will focus our resources to efficiently push forward urban renewal projects among core cities such as the flagship Baishizhou Project, positioning them as the key engines to drive the growth of the Group's future valuation.

Perseverance is the key to sustainability. The Board and the management remain steadfast in advancing the launch of the offshore debt restructuring plan as soon as possible to fundamentally optimize the financial foundation and enable the Company to resume its sustainable development. We are confident that the Group's quality core assets and definite strategic positioning will unlock their intrinsic value in the coming new phase of the industry, thereby eventually delivering substantial long-term returns for all shareholders, creditors, and partners.

On behalf of the Board, I extend my most sincere gratitude to all shareholders, customers, partners, and employees for their continued trust and support.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

The year 2025 marked a pivotal transition between the conclusion of the "14th Five-Year Plan" and the strategic planning for the "15th Five-Year Plan". Facing a complex and challenging international environment and domestic pressures from economic transformation, the Chinese government remained committed to high-quality development and implemented precise and effective macroeconomic regulations. According to the preliminary account data released by the National Bureau of Statistics, China's annual GDP grew by 5.0% year-on-year, demonstrating the strong resilience and development certainty of the Chinese economy and providing crucial support to global economic growth.

In 2025, the real estate sector entered a critical stage of deep adjustments and transformation of development models. Macro policies were centered on the core principles of "stabilizing the market, mitigating risks, promoting transformation, and improving people's livelihoods." A coordinated policy framework was established across four dimensions including the demand side, the supply side, risk prevention, and the establishment of long-term mechanisms. On the demand side, measures such as lowering barriers to home purchase, reducing purchasing costs, and aligning supply and housing needs effectively stimulated demand from first-time buyers as well as households looking to upgrade their homes. On the supply side, efforts to optimize land supply, promote the construction of "high-quality housing," and accelerate the revitalization of existing assets advanced the supply-side structural reform. Urban renewal was clearly positioned as "a key driver for expanding domestic demand," with continuous refinement of top-level policy design opening new avenues for industry transformation. Driven by this combination of policy measures, the real estate market showed signs of stabilizing after reaching a bottom, and the industry was accelerating its transition from "high-speed growth" to "high-quality development."

As a major national development strategy, the Guangdong-Hong Kong-Macao Greater Bay Area initiative continued to deepen in 2025, with the region's total economic output projected to exceed RMB15 trillion. The "Shenzhen-Hong Kong-Guangzhou" innovation cluster maintained its leading influence, and the "hard connectivity" from infrastructure and "soft connectivity" from regulatory mechanisms further strengthened, giving rise to an increasingly clear framework for a globally leading bay area and a world-class city cluster. This provided enterprises deeply rooted in the Greater Bay Area with broad development platforms and strategic opportunities.

2025 Results and Business Review

Results

For the year ended 31 December 2025, the Group achieved a total revenue of approximately RMB1,866.0 million (2024: RMB3,713.9 million), representing a decrease of approximately 49.8% year-on-year. Gross profit was approximately RMB938.2 million (2024: RMB818.1 million), representing an increase of approximately 14.7% year-on-year. Gross profit margin for the year ended 31 December 2025 was 50.3% (2024: 22.0%).

During the reporting period, the Group recorded a loss of approximately RMB9,660.5 million (2024: RMB5,433.7 million), representing an increase of 77.8% year-on-year. Loss attributable to owners of the Company was approximately RMB8,795.1 million (2024: RMB5,171.4 million), representing an increase of approximately 70.1% year-on-year. Basic loss per share was RMB145.75 cents (2024: RMB100.69 cents), representing an increase of approximately 44.8% year-on-year.

The Board does not recommend the payment of any dividend for the year ended 31 December 2025.

The Group's key financial indicators for the year ended 31 December 2025 were as follows:

	2025 ***(RMB million)***	2024 *(RMB million)*	**Change**
Revenue	1,866.0	3,713.9	-49.8%
Gross profit	938.2	818.1	+14.7%
Loss attributable to owners of the Company	(8,795.1)	(5,171.4)	+70.1%
Basic loss per share *(RMB cents)*	(145.75)	(100.69)	+44.8%
Gross profit margin *(%)*	50.3	22.0	+28.3 percentage points

	2025	2024
Bank balances and cash (including restricted bank deposits and pledged bank deposits) *(RMB million)*	839.8	3,303.8
Average finance costs *(%)**	8	8
Liabilities to assets ratio *(%)*	85.1	76.9
Rate of equity return *(%)*	-93.0	-28.7

* Average finance costs are derived by dividing the total finance costs for the year (including convertible bonds but excluding finance cost derived from lease liabilities) by average total borrowings which is calculated by adding up of average balances of total borrowings (including debt component of convertible bonds but excluding lease liabilities) for the year.

Business Review

In 2025, against the backdrop of profound industry adjustments, the Group committed to a long-term perspective and maintained its positioning as a "creator of urban value." Focusing on the core regions of the Guangdong-Hong Kong-Macao Greater Bay Area, the Group promoted the coordinated development of three major business segments, namely real estate development, commercial property investment and operations, and comprehensive services, demonstrating robust operational resilience.

Real Estate Development and Sales

Real estate development and sales remained the core and main business of the Group. During the year, the Group flexibly responded to market changes, optimized development pace and product strategies, and concentrated resources to ensure the construction and delivery of key projects. Sales performance was primarily driven by market recognition of benchmark projects.

For the year ended 31 December 2025, the real estate development and sales of the Group generated revenue of approximately RMB837.2 million (2024: RMB2,627.9 million), representing a year-on-year decrease of approximately 68.1%, which was mainly attributable to the recognition of sales of LVGEM Royal Bay, LVGEM International Garden and LVGEM Mangrove Bay No.1 Project. In 2025, the Group's contracted sales based on the commodity housing purchase agreements amounted to approximately RMB2,923.0 million (2024: RMB11,074.8 million), representing a year-on-year decrease of approximately 73.6%, which was mainly attributable to sales contribution from Phase 1 of Baishizhou project "LVGEM Baishizhou Jingting".

Shenzhen Baishizhou Project: As a landmark project for the Group and the urban renewal of Shenzhen, the construction of the project made steady progress during the year. Phase I of the project, "LVGEM Baishizhou Jingting", began delivery in February 2026, which strictly fulfilled the social commitment to "ensure housing delivery". This demonstrated the Group's exceptional project execution and contractual integrity, laying a solid foundation for subsequent development. Leveraging its irreplaceable locational advantages, forward-thinking "mega city" planning, comprehensive amenities, and smart applications, the project continued to lead the mid-to-high-end residential market in Shenzhen during the reporting period and became a core contributor to the Group's sales performance and a pivotal pillar of its brand value.

Zhuhai Dongqiao Project (LVGEM Royal Bay in Zhuhai): As a flagship urban renewal project of the Group in Zhuhai, it occupied a prime location in the city center and benefited from the development opportunities arising from the Hong Kong-Zhuhai-Macao Bridge and the Hengqin Guangdong-Macao Intensive Cooperation Zone. With its international design and high standards for product development, it established itself as the benchmark for premium residential properties in the region.

Commercial Property Investment and Operations

The Group adhered to the two-pronged business strategy of "residential and commercial" development. During the reporting period, its "NEO" Urban Commercial Complex and "Zoll" community commercial brand maintained stable occupancy rates through ongoing upgrade of business mix, scenario innovations, and operational efficiency improvement, thereby delivering steady operating performance. As of the end of the year, the Group held over 30 commercial property projects with a total gross floor area of over 1.6 million square meters. The revenue generated from commercial property investment and operations amounted to approximately RMB600.9 million (2024: RMB666.4 million), representing a decrease of approximately 9.8% year-on-year. This business segment contributed sustained and stable rental income and operating cash flow to the Group, effectively smoothing out cyclical fluctuations in the property development segment and serving as the Group's "cornerstone" for navigating industry cycles.

Comprehensive Services

The comprehensive services segment encompassed property management, hotel operations, and value-added services. The Group always placed customers at the core of its operations and continuously enhanced its professional standards and service quality. Located in the central business district of Futian District, Shenzhen, LVGEM Hotel maintained high occupancy rates through its prime location and exceptional service. Meanwhile, the Group's property management companies provided full-process services for multiple high-end residential and commercial projects.

For the year ended 31 December 2025, the comprehensive services operation of the Group generated revenue of approximately RMB427.9 million (2024: RMB419.5 million), representing a year-on-year increase of approximately 2.0%. This segment demonstrated independent profitability and further strengthened the Group's diversified business foundation and risk resilience.

Technology Empowerment

The Group remained committed to the "Technology + Real Estate" strategy and strived to become a leading developer and operator of smart new cities. Using the Baishizhou Project as a pilot, it devoted significant effort to building a "Unified Digital Operations Management System" for smart city areas. Smart applications were implemented across multiple scenarios including security, energy, community, and commerce. Through technology empowerment, the Group aimed to enhance development and operational efficiency, improve living experiences, and build future-oriented core competitiveness.

Financial Performance

In 2025, the Group achieved a total revenue of approximately RMB1,866.0 million. Gross profit and gross profit margin both increased compared to the previous year. During the year, the Group recorded a net loss, primarily attributable to non-cash accounting treatments such as negative changes in the fair value of investment properties and write-down of properties under development and properties held for sale. This reported loss did not affect the stability of the Company's actual operating cash flow or the intrinsic value of its high-quality assets. Given that the Group's commercial assets were in prime locations in first-tier cities such as Shenzhen, they possessed significant locational advantages and upside potential. As the real estate market continues to recover and commercial consumption gradually rebounds, these assets demonstrate strong value recovery potential and remain crucial strategic reserve assets for the long-term development of LVGEM.

Facing the industry-wide liquidity pressures, the Group consistently prioritized financial security and adhered to the "cash is king" principle. By accelerating sales collections, optimizing asset structures through disposals of non-core assets (such as the completed sale of the hotel property in Los Angeles, USA), and actively expanding diversified financing channels, the Group strengthened its liquidity management on an ongoing basis. Meanwhile, the Company was actively engaging in constructive dialogue with various creditors and professional advisors. The offshore debt restructuring progressed steadily as planned. The Board is confident in reaching a restructuring plan acceptable to all parties, with the aim of fundamentally optimizing the capital structure, effectively alleviating short-term liquidity pressures, safeguarding the interests of all stakeholders, and achieving sustainable development.

Land Reserves

The Group maintained a prudent and focused investment strategy. Its land reserves were concentrated in prime locations in key cities within the Guangdong-Hong Kong-Macao Greater Bay Area, including Shenzhen, Hong Kong, and Zhuhai. These high-quality land reserves offered significant locational advantages and substantial value potential, providing a solid foundation for the Group's future sustainable development and value creation.

Future Prospect

Looking forward to 2026, we anticipate China's economy will continue its recovery momentum. The real estate market will further differentiate, with projects featuring "prime locations, quality products, and remarkable services" in core cities leading the market during this structural recovery. The strategic importance of urban renewal will further grow, providing sustainable growth opportunities for enterprises with relevant core competencies.

Leveraging more than four decades of deep presence in the Greater Bay Area, particularly the extensive experience in urban renewal, and the proven "mega-city" development model, the Group will seize the dual strategic opportunities in regional development and urban renewal. Moving forward, we will:

Focus on Core Projects to Ensure Delivery: Concentrate resources to efficiently advance key urban renewal projects represented by the Baishizhou Project, which help ensure high-quality and timely delivery and reinforce market reputation and trust.

Deepen Operations with Two-pronged Model: Continuously enhance the quality and efficiency of operations and the asset values of commercial properties, strengthen the two-pronged business model that "emphasizes both development and operations," and enhance resilience across industry cycles.

Promote Higher-quality Development through Technology Empowerment: Integrate green, smart, and people-centered principles throughout the entire chain of project development and operation. Technological innovation will continue to drive upgrades in products and service capabilities, so as to align with the evolving needs of cities and residents' aspirations for quality of life.

Perseverance is the key to sustainability. The Board and the management are fully confident in the Group's future. We firmly believe that, with our premium assets in the core regions of the Greater Bay Area, market-proven urban renewal capabilities, and well-defined development strategy, the Group is well positioned to address short-term challenges. We will unlock intrinsic value in this new phase of the industry and ultimately deliver sustained and stable long-term returns for all shareholders, creditors, customers, and partners.

Financial Review

Revenue

The Group's revenue mainly comprised of revenue from sales of properties held for sale, leasing of investment properties and comprehensive services. The Group's revenue for the year ended 31 December 2025 was approximately RMB1,866.0 million (2024: RMB3,713.9 million), representing a decrease of approximately 49.8% as compared to the last year, which was mainly due to the decrease in revenue from sales of properties held for sale recognised during the reporting period.

	2025	2024	**Increase/ (decrease)**	
	RMB'000	*RMB'000*	*RMB'000*	*%*
Real estate development and sales	**837,204**	2,627,934	**(1,790,730)**	**-68.1**
Commercial property investment and operations	**600,946**	666,410	**(65,464)**	**-9.8**
Comprehensive services	**427,885**	419,543	**8,342**	**+2.0**
Total	**1,866,035**	3,713,887	**(1,847,852)**	**-49.8**

For the year ended 31 December 2025, the revenue from sales of properties held for sale was approximately RMB837.2 million (2024: RMB2,627.9 million), representing a decrease of approximately 68.1% as compared to last year, which was mainly attributable to the sales of LVGEM Royal Bay, LVGEM International Garden and LVGEM Mangrove Bay No. 1 Project. The Group's total gross floor area of properties held for sale recognised as revenue during the year ended 31 December 2025 was approximately 51,000 square meters (2024: approximately 106,149 square meters).

Revenue from leasing of investment properties for the year ended 31 December 2025 was approximately RMB600.9 million (2024: RMB666.4 million). The Group's commercial properties are all located in core areas. The properties are mainly operated under the brands of "Zoll" and "NEO". The occupancy rate of investment properties as at 31 December 2025 and 2024 maintained at a high level of over 70%.

The Group provides comprehensive services to customers and tenants of its residential and commercial properties. These comprehensive services include property management services, hotel operations, renovations and others. For the year ended 31 December 2025, comprehensive services of the Group generated revenue of approximately RMB427.9 million (2024: RMB419.5 million), representing an increase of approximately 2.0% as compared to the last year.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2025, the Group's integrated gross profit was approximately RMB938.2 million (2024: RMB818.1 million), representing an increase of approximately 14.7% as compared to last year, and the integrated gross profit margin for the year ended 31 December 2025 was approximately 50.3% (2024: 22.0%). The fluctuation of gross margin was mainly caused by the recognition of sale of properties of Shanzhen project with higher profit margin in current year.

Selling Expenses

For the year ended 31 December 2025, selling expenses of the Group amounted to approximately RMB90.6 million (2024: RMB151.9 million), representing a decrease of approximately 40.4% as compared to the year due to the decrease of property sales recognised in 2025. The selling expenses mainly included advertising expenses and sales commissions for sales of properties.

Administrative Expenses

For the year ended 31 December 2025, administrative expenses of the Group amounted to approximately RMB477.9 million (2024: RMB462.7 million), representing an increase of approximately 3.3% as compared to the last year. The administrative expenses mainly included the legal and professional fee incurred in relation to the onshore and offshore financing activities in the current year.

Fair Value Changes on Investment Properties

The valuation on the Group's investment properties as at 31 December 2025 was conducted by independent property valuers and the directors of the Company which resulted in a fair value loss on investment properties of approximately RMB5,513.5 million (2024: RMB2,897.7million) for the year ended 31 December 2025.

Finance Costs

For the year ended 31 December 2025, finance costs of the Group amounted to approximately RMB1,124.8 million (2024: RMB2,049.5 million), representing a decrease of approximately 45.1%. The Group's average finance cost of interest-bearing loans was 8% (2024: 8%) for the year ended 31 December 2025.

Income Tax Credit

For the year ended 31 December 2025, income tax credit of the Group amounted to approximately RMB743.7 million (2024: RMB264.3 million). The Group's income tax credit included payments and provisions made for EIT, LAT and deferred tax during the year. The income tax credit was mainly the result from deferred tax credit provided in the fair value loss of investment properties in current year.

Operating Results

For the year ended 31 December 2025, the loss attributable to owners of the Company was approximately RMB8,795.1 million (2024: RMB5,171.4 million), representing an increase of approximately 70.1% as compared to the last year.

Liquidity, Financial Resources and Gearing

Bank balances and cash (including restricted bank deposits and pledged bank deposits) as at 31 December 2025 amounted to approximately RMB839.8 million (2024: RMB3,303.8 million). The Group's bank balances and cash are denominated in RMB, Hong Kong Dollar ("**HK$**") and US$.

The Group had total borrowings of approximately RMB31,737.5 million as at 31 December 2025 (2024: RMB33,578.7 million). Borrowings classified as current liabilities were approximately RMB29,873.6 million (2024: RMB30,905.3 million).

Breakdown of total borrowings

By currency denomination

	2025	2024
	RMB'000	*RMB'000*
Denominated in RMB	**21,879,496**	23,289,842
Denominated in HK$	**6,161,527**	6,502,835
Denominated in US$	**3,696,432**	3,785,999
	31,737,455	33,578,676

By fixed or variable interest rates

	2025	2024
	RMB'000	*RMB'000*
Fixed interest rates	**6,124,069**	7,966,080
Variable interest rates	**25,613,386**	25,612,596
	31,737,455	33,578,676

The Group's gearing ratio as at 31 December 2025 was approximately 212.5% (2024: 126.2%), which was based on net debt (total interest-bearing loans net of bank balance and cash (including restricted bank deposits and pledged bank deposits)) over total equity.

Current, Total and Net Assets

As at 31 December 2025, the Group had current assets of approximately RMB61,600.5 million (2024: RMB62,624.4 million) and current liabilities of approximately RMB63,193.3 million (2024: RMB59,441.1 million), which represented a change from net current assets approximately of RMB3,183.4 million as at 31 December 2024 to net current liabilities of approximately RMB1,592.8 million as at 31 December 2025. The changes of net current assets to net current liabilities as at 31 December 2025 was mainly attributable to the decrease of deposits paid, prepayments and other receivables and current portion of restricted bank deposits, the increase of contracted liabilities, accruals, deposits received and other payables and account payable, which was partially offset by the increase of properties under development for sales and the decrease of current portion of borrowings.

As at 31 December 2025, the Group recorded total assets of approximately RMB97,321.2 million (2024: RMB103,586.7 million) and total liabilities of approximately RMB82,782.5 million (2024: RMB79,605.5 million), representing a liabilities to assets ratio of approximately 85.1% (2024: 76.9%). Net assets of the Group were approximately RMB14,538.7 million (2024: RMB23,981.2 million) as at 31 December 2025.

For the year ended 31 December 2025, the Group was able to utilise its internal resources and debt and equity financing to meet the funding requirements for the development of real estate projects.

Charge on Assets

As at 31 December 2025, loans of approximately RMB29,200.7 million (2024: RMB30,893.1 million) were secured by properties under development for sale, properties held for sale, investment properties, property, plant and equipment, equity instruments at FVTOCI and pledged bank deposits, dividend receivables on equity instrument at FVTOCI and other pledged deposits of the Group respectively in the total amount of approximately RMB20,131.3 million (2024: RMB23,350.3 million) and the equity interests of subsidiaries of the Group.

Material Acquisition and Disposal

On 16 January 2025, LVGEM Hotel Corporation (an indirect wholly-owned subsidiary of the Company) entered into a sale and purchase agreement with a buyer pursuant to which LVGEM Hotel Corporation agreed to sell its entire interest in certain Hotel assets in Los Angeles to the buyer at a consideration of US$20 million. For details, please refer to the announcements of the Company dated 31 March 2025 and 13 May 2025.

Save for the above, during the year ended 31 December 2025, the Group did not enter into any material acquisition or disposal of subsidiaries, associates or joint ventures.

Contingent Liabilities

As at 31 December 2025, the Group had financial guarantee contracts relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB5,389.7 million (2024: RMB7,007.4 million).

Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks.

The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the buyer obtaining the individual property ownership certificate or the full settlement of mortgage loans by the buyer.

The Directors consider that it is not probable for the Group to sustain a loss under these guarantees as during the periods under guarantees, the Group can take over the ownerships of the related properties under default and sell the properties to recover any amounts paid by the Group to the banks. The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors of the Company. The Directors also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event that the purchasers default payments to the banks for their mortgage loans. As at 31 December 2025 and 2024, no loss allowance was recognised in the profit or loss in relation to these mortgage guarantees.

Exposure to Fluctuations in Exchange Rates and Related Hedges

Almost all of the Group's operating activities are carried out in the Mainland China with most of the transactions denominated in Renminbi. The Group is exposed to foreign currency risk arising from the exposure of Hong Kong dollars and United States dollars against Renminbi as a result of certain cash balances and loans in Hong Kong dollars or United States dollars.

The Group does not have a foreign currency hedging policy. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting appropriate foreign currency hedging policy in the future.

Treasury Policies and Capital Structure

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

Employees

As at 31 December 2025, the Group had a staff roster of 1,896 (2024: 1,987) of which 1,866 (2024: 1,954) employees were based in the Mainland China and 30 (2024: 33) employees were based in Hong Kong. The remuneration of employees was in line with the market trends and commensurate to the levels of remuneration in the industry. Remuneration of the Group's employees includes basic salaries, bonuses, retirement scheme and long-term incentives such as share options within an approved scheme. In addition, training and development programmes are provided to the Group's employees on an on-going basis throughout the Group.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 26 May 2026 to 29 May 2026, both days inclusive, during which period no transfer of shares will be registered. The record date of determining the entitlement of the shareholders to attend and vote at the Annual General Meeting will be 29 May 2026.

In order to qualify for attending and voting at the Annual General Meeting, all transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 22 May 2026.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate practices and procedures. The corporate governance principles of the Company emphasise a quality board, transparency and accountability to all shareholders of the Company.

Ms. HUANG Jingshu was appointed as the chief executive officer of the Company following Mr. TANG Shouchun's retirement with effect from 31 March 2025. As Ms. HUANG Jingshu serves as both the Chairman and the chief executive officer, such practice deviates from the code provision C.2.1 of the Corporate Governance Code (the "**CG Code**") as set forth in Appendix C1 of the Listing Rules, which requires that the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual. However, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company.

The Board believes that vesting the roles of both the Chairman and the chief executive officer in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstance. In addition, under the supervision of the Board which is comprised of four executive Directors and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders.

Following the resignation of Ms. HU Gin Ing and Mr. MO Fan on 14 February 2025, the Board comprises four executive Directors and two independent non-executive Directors. As a result of the foregoing, the Company is not in compliance with (i) Rule 3.10(1) of the Listing Rules, which stipulates that the Board must include at least three independent non-executive directors; (ii) Rule 3.21 of the Listing Rules, which stipulates that the audit committee must comprise a minimum of three members; and (iii) Rule 3.25 of the Listing Rules, which stipulates that the remuneration committee must be chaired by an independent non-executive director and comprise a majority of independent non-executive directors. Nevertheless, the Company promptly identified a suitable candidate, Ms. WONG Ting Dan, to fill the vacancy with effect from 13 May 2025, and as such, the Company has been able to re-comply with the relevant Listing Rules as mentioned above since then.

Save as disclosed above, throughout the year ended 31 December 2025, the Group complied with all the code provisions of the CG Code as set out in Appendix C1 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 of the Listing Rules as its own code of conduct regarding directors' securities transactions. The Directors confirmed that they have complied with the required standard as set out in the Model Code for the year ended 31 December 2025.

REVIEW OF ACCOUNTS

The audit committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2025.

SCOPE OF WORK OF PRISM HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Prism Hong Kong Limited, to the amounts set out in the consolidated financial statements of the Group for the year as approved by the Board on 26 March 2026. The work performed by Prism Hong Kong Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Prism Hong Kong Limited on the preliminary announcement.

AUDIT OPINION

The consolidated financial statements have been audited by the Group's auditor, Messrs. Prism Hong Kong Limited. The independent auditor has issued an unmodified audit opinion with a Material Uncertainty Related to Going Concern section in the auditor's report on the Group's consolidated financial statements for the year ended 31 December 2025. An extract of the independent auditor's report is set out in the section headed "**EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT**" below.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

Opinion

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 (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We draw attention to note 3.1 to the consolidated financial statements, which indicates that the Group recorded a net loss of RMB9,660 million during the year ended 31 December 2025 and as at 31 December 2025, the Group's current liabilities exceeded its current assets by RMB1,593 million and the Group has borrowings amounting to RMB29,874 million (including bank and other borrowings of RMB28,757 million, debt component of convertible bonds of RMB141 million and domestic corporate bonds of RMB976 million) that are repayable within one year at the end of the reporting period, of which RMB27,591 million becoming immediately repayable on demand due to defaults or cross defaults triggered. At the same date, the Group has bank balances and cash amounting to RMB183 million. In addition, a winding-up petition (the "**Petition**") was filed by a lender at the High Court of the Hong Kong Special Administrative Region (the "**High Court**") against the Company on 4 February 2025 due to default in certain notes issued by a subsidiary of the Company and certain financial obligation guaranteed in connection to the notes provided by the Company. The High Court ordered the hearing of the Petition to be adjourned to 1 June 2026. These events and conditions, along with other matters as disclosed in note 3.1 to the consolidated financial statements, indicate that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern. The directors of the Company have considered the plans and measures being taken by the Group, are of the opinion that the Group would be able to continue as going concern basis. The consolidated financial statements do not include any adjustments that would result from a failure of achieving the plans and measures. Our opinion is not modified in respect of this matter.

The information included in note 3.1 to the consolidated financial statements mentioned above is set out in note 1 above in this announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the year. As at 31 December 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2025, save as disclosed in the paragraph headed "**Material Acquisition and Disposal**" above, the Group did not make any other significant investments, acquisitions or disposal that would constitute a discloseable transaction under Chapter 14 of the Listing Rules.

EVENT AFTER THE REPORTING PERIOD

Please see below a list of events after the reporting period:

1) On 2 February 2026, Bank of China (Hong Kong) Limited as the Security Agent appointed Mr. Jong Yat Kit and Mr. So Man Chun of PricewaterhouseCoopers Limited, as joint and several receivers and managers over, amongst others, the NEO at No. 123 Hoi Bun Road, Kowloon, Hong Kong. For details, please refer to the announcements of the Company dated 3 February 2026.

2) A winding-up petition (the "**Petition**") dated 4 February 2025 was filed by a lender at the High Court of the Hong Kong Special Administrative Region (the "**High Court**") against the Company, in connection with certain financial obligations guaranteed by the Company in the principal amount of approximately US$210,000 plus accrued interest. On 12 February 2026, the High Court has further adjourned the hearing for the Petition to 1 June 2026. Further update will be made by the Company as and when appropriate in accordance with the Listing Rules.

Save as disclosed above and the matters disclosed under the "Management Discussion and Analysis" section of this announcement, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2025 and up to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT, ANNUAL REPORT AND CIRCULAR

The contents of results announcement are published on the websites of the Company (www.lvgem-china.com) and the Stock Exchange (www.hkex.com.hk). The 2025 Annual Report and a circular containing the notice of Annual General Meeting will be dispatched to shareholders in due course.

GENERAL INFORMATION

As at the date of this announcement, the Board comprises Ms. HUANG Jingshu (Chairman and Chief Executive Officer), Mr. YE Xingan, Mr. HUANG Hao Yuan and Ms. LI Yufei as executive directors; and Mr. CHAN Koon Fat, Ms. JIAO Jie and Ms. WONG Ting Dan as independent non-executive directors.

By order of the Board
LVGEM (China) Real Estate Investment Company Limited
HUANG Jingshu
Chairman

Hong Kong, 26 March 2026

* *For identification purpose only*