深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00604)

2025 FINAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Revenue reached a record high. Revenue for the year amounted to HK$40.4 billion, representing a year-on-year increase of 159%.

- The overall operations of the principal businesses were stable. If excluding the net effect of changes in fair value of investment properties and financial assets attributable to the Group, provision for impairment of inventories and the effect of results from and provision for associates and joint ventures, the profit attributable to owners of the Company (i.e. core net profit) shall be approximately HK$501 million.

- Key projects were successfully delivered, with revenue from development sales amounting to approximately HK$34.2 billion, representing a year-on-year increase of 275%.

- The scale of operating revenue increased, with revenue from real-estate asset management and integrated operations business (including property investment, urban integrated operations, and hotel operation) exceeding HK$5.0 billion.

- Impairment of inventories, impairment of associates and joint ventures as well as losses attributable to associates and joint ventures exert a negative impact on the Group's performance, with a total amount of approximately HK$4.6 billion.

The board of directors (the "Board") of Shenzhen Investment Limited (the "Company") is pleased to present the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2025 together with the comparative figures for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
		2025	2024
	Note	***HK$'000***	*HK$'000*
Revenue	*4*	**40,363,555**	15,567,468
Cost of sales and services	*5*	**(33,807,434)**	(11,128,364)
Gross profit		**6,556,121**	4,439,104
Selling and distribution expenses	*5*	**(861,386)**	(416,791)
Administrative expenses	*5*	**(1,156,759)**	(1,196,697)
(Decrease)/increase in fair value of financial assets at fair value through profit or loss		**(2,550)**	11,254
Losses result from changes in fair value of and transfer to investment properties		**(438,134)**	(227,877)
Net impairment losses on financial assets		**(13,990)**	(8,961)
Other expenses	*5*	**(2,727,341)**	(613,446)
Other income	*6*	**310,751**	741,205
Other gains		**5,968**	175
Operating profit		**1,672,680**	2,727,966
Finance income	*7*	**66,096**	137,745
Finance costs	*7*	**(1,426,598)**	(1,381,486)
Finance costs – net	*7*	**(1,360,502)**	(1,243,741)
Share of results of joint ventures and associates	*11*	**(1,775,387)**	(1,135,416)
Impairment losses on investments in joint ventures and associates	*11*	**(378,534)**	(1,171,000)
Loss before income tax		**(1,841,743)**	(822,191)
Income tax expenses	*8*	**(1,554,043)**	(715,166)
Loss for the year		**(3,395,786)**	(1,537,357)

	Note	Year ended 31 December 2025 HK$'000	2024 HK$'000
Loss for the year attributable to			
– Owners of the Company		**(4,365,985)**	(1,822,579)
– Non-controlling interests		**970,199**	285,222
		(3,395,786)	(1,537,357)
Losses per share attributable to owners of the Company (expressed in HK cents per share)			
Basic	*9*	**(49.06)**	(20.48)
Diluted	*9*	**(49.06)**	(20.48)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2025	2024
	HK$'000	*HK$'000*
Loss for the year	**(3,395,786)**	(1,537,357)
Other comprehensive income		
Items that may be reclassified to profit or loss:		
– Share of other comprehensive income of joint ventures and associates	**29,231**	(252,908)
– Surplus on revaluation of investment property transferred from property, plant and equipment	**–**	36,466
– Exchange differences on translation of foreign operations	**1,609,852**	(1,263,056)
Other comprehensive income for the year, net of tax	**1,639,083**	(1,479,498)
Total comprehensive loss for the year	**(1,756,703)**	(3,016,855)
Total comprehensive loss attributable to:		
– Owners of the Company	**(2,909,418)**	(3,164,765)
– Non-controlling interests	**1,152,715**	147,910
	(1,756,703)	(3,016,855)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 31 December 2025** *HK$'000*	2024 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**8,450,440**	6,663,197
Investment properties		**34,814,088**	32,916,540
Investments in joint ventures		**8,205,132**	7,942,496
Investments in associates	*11*	**306,958**	2,263,641
Intangible assets		**844,236**	843,325
Financial assets at fair value through profit or loss	*12*	**140,253**	139,649
Financial assets at fair value through other comprehensive income		**2,237**	2,317
Trade and other receivables	*13*	**1,159,323**	661,023
Deferred income tax assets		**2,721,021**	3,520,101
		56,643,688	54,952,289
Current assets			
Properties under development		**32,324,877**	60,556,638
Completed properties held for sale		**35,780,907**	32,734,452
Inventories		**257,823**	240,115
Trade and other receivables	*13*	**10,950,414**	10,884,193
Financial assets at fair value through profit or loss	*12*	**333,352**	894
Biological assets		**5,175**	1,489
Restricted cash and bank deposits		**3,491,260**	6,013,544
Cash and cash equivalents		**4,812,533**	5,786,000
		87,956,341	116,217,325
Total assets		**144,600,029**	171,169,614

	Note	As at 31 December 2025 HK$'000	2024 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	*16*	**22,071,756**	22,071,756
Capital reserve		**59,019**	59,019
Other reserves		**2,483,127**	1,027,997
Retained earnings		**11,026,643**	15,391,191
		35,640,545	38,549,963
Non-controlling interests		**7,797,337**	6,769,996
Total equity		**43,437,882**	45,319,959
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	*14*	**26,028,825**	22,804,481
Lease liabilities		**198,056**	252,259
Deferred income		**17,505**	19,759
Due to the immediate holding company		**–**	697,382
Due to the ultimate holding company		**2,775,145**	–
Deferred income tax liabilities		**7,090,558**	7,159,234
		36,110,089	30,933,115
Current liabilities			
Bank and other borrowings	*14*	**11,741,217**	14,560,568
Contract liabilities		**11,549,831**	28,229,357
Trade and other payables	*15*	**17,460,886**	18,819,666
Lease liabilities		**82,453**	93,909
Due to the immediate holding company		**4,174,740**	3,638,644
Due to the ultimate holding company		**11,295,793**	18,652,676
Tax payable		**8,747,138**	10,921,720
		65,052,058	94,916,540
Total liabilities		**101,162,147**	125,849,655
Total equity and liabilities		**144,600,029**	171,169,614

SHENZHEN INVESTMENT LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Shenzhen Investment Limited (the "Company") is a limited liability company incorporated in Hong Kong. The address of the Company's registered office is located at 8th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in property development, property investment, property management and manufacture operation.

In the opinion of the directors, the immediate holding company of the Company is Shum Yip Holdings Company Limited ("Shum Yip Holdings"，深業（集團）有限公司), which is a private company incorporated in Hong Kong. The ultimate holding company of the Company is 深業集團有限公司 ("Shum Yip Group"), which is a state-owned company established in Shenzhen, the People's Republic of China (the "PRC").

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2025 have been agreed by the Company's auditor, Ernst & Young ("EY"), to the amount set out in the Group's draft consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and consequently no assurance has been expressed by EY on this announcement.

The financial information relating to the years ended 31 December 2025 and 2024 included in this preliminary announcement of 2025 annual results does not constitute the Group's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) (the "Companies Ordinance") is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2025 in due course.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Going concern basis

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 resources to continue as a going concern for at least of 12 months from 31 December 2025.

The directors of the Company have reviewed the Group's cash flow projections, which covers a period of twelve months from 31 December 2025. The directors of the Company are of the opinion that, taking into account the anticipated cash flows generated from the Group's operations, the continued availability of the Group's bank and other borrowings as well as the Group's ability to raise new financing under the prevailing rules and regulations, and the continuous financial support from the ultimate holding company, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the coming twelve months from 31 December 2025.

Accordingly, these consolidated financial statements have been prepared on a going concern basis.

2.2 Basis of preparation

(i) Compliance with HKFRS Accounting Standards and the Hong Kong Companies Ordinance

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance.

HKFRS Accounting Standards comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the HKICPA

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income ("FVOCI"), and investment properties, which are measured at fair value.

(iii) New and amended standards adopted by the Group

The Group has adopted amendments to HKAS 21 Lack of Exchangeability for the first time for the current year's financial statements. 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. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, branches, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

(iv) New and amended standards not yet adopted

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.

		Effective for the annual periods beginning on or after
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	1 January 2026

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. 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.

3 Segment information

The Group manages its businesses by business units, which are organised based on their products and services. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following five reportable segments:

(a) the property development segment engages in the development of properties;

(b) the property investment segment invests in commercial properties for rental;

(c) the property management segment engages in the management of both properties developed by the Group and external parties;

(d) the manufacture segment engages in the manufacture and sale of industrial products; and

(e) the "others" segment comprises, principally, the hotel operations, sale of agricultural products, provision of construction services and other businesses.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets exclude unallocated assets such as deferred tax assets, restricted cash, cash and cash equivalents, other financial assets, investments in associates and joint ventures, and other head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated liabilities such as interest-bearing bank and other borrowings, an amount due to the ultimate holding company, tax payable, an amount due to the immediate holding company, deferred tax liabilities and other head office and corporate liabilities as these liabilities are managed on a group basis.

Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before taxation from continuing operations. The adjusted profit before taxation is measured consistently with the Group's profit before taxation except that other income and other gains, finance costs, net fair value gain or loss on financial assets measured at fair value through profit or loss, results of associates and joint ventures and related impairment losses, as well as head office and corporate expenses are excluded from such measurement.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purpose of resource allocation and assessment of segment performance for the year ended 31 December 2025 and 2024 is set out in the following table.

2025	Property development *HK$'000*	Property investment *HK$'000*	Property management *HK$'000*	Manufacturing *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue from contracts with customers						
Recognised at a point of time	34,204,684	–	16,869	491,965	473,449	35,186,967
Recognised over time	–	–	3,415,727	–	615,098	4,030,825
Revenue from other sources						
Rental income	–	1,392,103	–	–	–	1,392,103
Total segment revenue	34,204,684	1,392,103	3,432,596	491,965	1,088,547	40,609,895
Inter-segment revenue	–	(31,673)	(190,818)	–	(23,849)	(246,340)
Revenue from external customers	34,204,684	1,360,430	3,241,778	491,965	1,064,698	40,363,555
Segment results before changes in fair value of investment properties	785,129	592,258	324,241	29,987	65,155	1,796,770
Losses result from changes in fair value of and transfer to investment properties	–	(438,134)	–	–	–	(438,134)
Segment results after changes in fair value of investment properties	785,129	154,124	324,241	29,987	65,155	1,358,636
Share of results of joint ventures and associates						(1,775,387)
Impairment losses on investment in joint ventures and associates						(378,534)
Other income						310,751
Other gains						5,968
Fair value loss of financial assets measured at fair value through profit or loss, net						(2,550)
Corporate and other unallocated expenses						(125)
Finance costs – net						(1,360,502)
Loss before income tax						(1,841,743)
Segment assets	72,980,258	39,123,812	899,593	374,548	2,965,218	116,343,429
Corporate and other unallocated assets						19,744,510
Investments in associates						306,958
Investments in joint ventures						8,205,132
Total assets						144,600,029
Segment liabilities	52,332,581	7,039,113	1,477,188	117,696	976,082	61,942,660
Corporate and other unallocated liabilities						39,219,487
Total liabilities						101,162,147
Other segment information:						
Depreciation and amortisation	142,332	56,941	38,195	30,032	126,521	394,021
Additions to non-current segment assets during the year	78,587	400,773	25,737	18,460	406,758	930,315

The segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2024 is as follows:

2024	Property development *HK$'000*	Property investment *HK$'000*	Property management *HK$'000*	Manufacturing *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue from contracts with customers						
Recognised at a point of time	9,133,298	–	9,542	403,593	688,974	10,235,407
Recognised over time	–	–	3,485,571	–	688,150	4,173,721
Revenue from other sources						
Rental income	–	1,391,539	–	–	–	1,391,539
Total segment revenue	9,133,298	1,391,539	3,495,113	403,593	1,377,124	15,800,667
Inter-segment revenue	–	(14,200)	(205,620)	–	(13,379)	(233,199)
Revenue from external customers	9,133,298	1,377,339	3,289,493	403,593	1,363,745	15,567,468
Segment results before changes in fair value of investment properties	1,389,347	519,728	293,816	32,887	116,340	2,352,118
Losses result from changes in fair value of and transfer to investment properties	–	(227,877)	–	–	–	(227,877)
Segment results after changes in fair value of investment properties	1,389,347	291,851	293,816	32,887	116,340	2,124,241
Share of results of joint ventures and associates						(1,135,416)
Impairment losses on investment in joint ventures and associates						(1,171,000)
Other income						741,205
Other gains						175
Fair value gain of financial assets measured at fair value through profit or loss, net						11,254
Corporate and other unallocated expenses						(148,909)
Finance costs – net						(1,243,741)
Loss before income tax						(822,191)
Segment assets	91,216,376	37,451,856	990,308	351,400	3,249,113	133,259,053
Corporate and other unallocated assets						27,704,424
Investments in associates						2,263,641
Investments in joint ventures						7,942,496
Total assets						171,169,614
Segment liabilities	73,789,702	7,584,197	1,006,174	98,059	753,140	83,231,272
Corporate and other unallocated liabilities						42,618,383
Total liabilities						125,849,655
Other segment information:						
Depreciation and amortisation	176,382	70,563	47,332	3,271	156,787	454,335
Additions to non-current segment assets during the year	91,103	464,602	29,836	8,430	471,540	1,065,511

As the Group generates substantially all of its revenues from customers domiciled in the Chinese mainland and majority of its non-current assets are located in the Chinese mainland, no geographical information is presented.

4 Revenue

Revenue, represents sale of completed properties, commercial and industrial goods, rental income, property management fee income and others.

Revenue from contracts with customers by major products and service lines is as follows:

	2025	2024
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Sales of properties	**34,204,684**	9,133,298
Property management service income	**3,241,778**	3,289,493
Sales of industrial goods	**491,965**	403,593
Others	**1,064,698**	1,363,745
	39,003,125	14,190,129
Revenue from other sources		
Rental income	**1,360,430**	1,377,339
	40,363,555	15,567,468

5 Expenses by nature

Expenses included in cost of sales and services, selling and distribution expenses, administrative expenses and other expenses were analysed as follows:

	2025	2024
	HK$'000	*HK$'000*
Cost of properties and inventories sold (including employee benefit expenses)	**29,387,058**	6,668,130
Cost of services provided	**4,420,376**	4,460,234
Employee benefit expenses		
– Wages and salaries	**720,279**	731,994
– Pension costs – defined contribution plans	**214,091**	179,984
– Share options granted to directors and employee	**–**	38
Other taxes and levies	**209,099**	194,672
Advertising and promotion costs	**181,015**	110,641
Depreciation of property, plant and equipment*	**68,369**	98,498
Amortisation of intangible assets*	**4,694**	4,848
Sales commission	**491,617**	136,107
Write-down of inventories to the net realisable value	**2,405,284**	306,731
Research and development expenses	**82,440**	77,676
Auditors'remuneration		
– Audit services	**4,607**	4,387
– Non-audit services	**1,943**	1,383
Others	**362,048**	379,975
Total cost of sales and services, selling and distribution expenses, administrative expenses and other expenses	**38,552,920**	13,355,298

* *Depreciation of property, plant and equipment and amortization of intangible assets for the year as disclosed above are included in the Administrative expenses and Selling and marketing costs in the profit or loss.*

6 Other income

	2025	2024
	HK$'000	*HK$'000*
Interest income	**225,592**	383,375
Income from demolition and relocation	**6,620**	267,448
Government grant	**23,521**	43,008
Dividend income from financial assets at FVTPL	**2,957**	2,151
Others	**52,061**	45,223
	310,751	741,205

7 Finance costs – net

	2025	2024
	HK$'000	*HK$'000*
Finance income		
– Interest income from bank deposits	**(66,096)**	(137,745)
Finance costs:		
– Interest expenses of bank borrowings	**1,149,596**	1,424,020
– Interest expenses of other borrowings	**213,795**	325,605
– Lease liabilities	**10,892**	11,761
– Loans from the ultimate holding company	**532,103**	578,969
– Loans from the immediate holding company	**153,659**	198,390
– Loans from fellow subsidiaries	**36,937**	62,201
– Loans from a joint venture	**3,231**	5,831
– Loans from an other related company	**2,825**	5,777
– Loans from non-controlling interests	**61,568**	267,435
Total interest expense on financial liabilities not at fair value through profit or loss	**2,164,606**	2,879,989
Less: amounts capitalised on qualifying assets	**(738,008)**	(1,498,503)
	1,426,598	1,381,486
Finance costs – net	**1,360,502**	1,243,741

Finance costs have been capitalised on qualifying assets at average rate of 3.15% for the year ended 31 December 2025 (2024: 3.59%).

8 Income tax expenses

(a) Income tax expenses

	2025	2024
	HK$'000	*HK$'000*
Current income tax		
– The Chinese mainland corporate income tax ("CIT")	**639,660**	592,500
– Withholding tax on dividend	**61,906**	35,962
– Land Appreciation Tax ("LAT") in the Chinese mainland	**223,917**	188,563
	925,483	817,025
Deferred income tax		
– The Chinese mainland corporate income tax ("CIT")	**25,900**	(117,500)
– Withholding tax on dividend	**(35,204)**	2,419
– Land Appreciation Tax ("LAT") in the Chinese mainland	**637,864**	13,222
	628,560	(101,859)
	1,554,043	715,166

The provision for Hong Kong Profits Tax for the year ended 31 December 2025 is calculated at 16.5% (2024:16.5%) of the estimated assessable profits for the year. No provision for Hong Kong Profits Tax was made as the Group has no assessable profits arising in or derived from Hong Kong for year (2024: nil).

No provision for taxation has been recognised for companies incorporated in the British Virgin Islands ("BVI"), as they are not subject to any tax during the year (2024: nil).

Under the relevant income tax law, the Chinese mainland subsidiaries are subject to CIT at a statutory rate of 25% on their respective taxable income during the year.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

Dividend withholding tax

Pursuant to the Detailed Implementation Regulations for Implementation of the Corporate Income Tax Law, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to a withholding income tax of 10%. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are qualified as tax residents of Hong Kong according to the tax treat arrangements between the PRC and Hong Kong. The Company's applicable dividend withholding tax rate is 5%.

During the financial year ended 31 December 2025 and 2024, deferred income tax liabilities had been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries in the PRC, as these earnings are expected to be distributed by the PRC subsidiaries and would be remitted to their overseas holding companies in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in the Chinese mainland for which deferred tax liabilities have not been recognized totalled approximately HK$1,397 million at 31 December 2025 (2024: HK$1,799 million).

9 Losses per share

Basic losses per share are calculated by dividing the losses attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2025	2024
Loss attributable to the owners of the Company (HK$'000)	**(4,365,985)**	(1,822,579)
Weighted average number of ordinary shares in issue during the year	**8,898,793,115**	8,898,793,115

For the financial year ended 31 December 2025 and 2024, the effect of conversion of share option scheme were anti-dilutive and the diluted earnings per share for the year is therefore equal to the basic earnings per share.

10 Dividends

	2025	2024
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Final dividend declared for 2024 – Nil (2024: declared for 2023 – HK7 cents per share) *(note a)*		
Cash	**–**	622,916
	–	622,916
Dividend declared in respect of current period:		
No interim dividend for 2025 (2024: nil) *(note b)*	**–**	–
	–	622,916

(a) The Company declared a final dividend of HK$7.00 cents per share in respect of year ended 31 December 2023 amounted to approximately HK$622,916,000. The final dividend has been paid in cash on 4 July 2024.

(b) The Company did not declare an interim dividend for 2025 (2024: nil).

(c) On 30 March 2026, the board of directors resolved not to propose a final dividend for the financial year ended 31 December 2025.

11 Investments in associates

	2025	2024
	HK$'000	*HK$'000*
Unlisted	**301,729**	288,641
Listed in Hong Kong	**2,078,763**	3,670,000
Provision for impairment	**(2,073,534)**	(1,695,000)
	306,958	2,263,641

Road King decided to suspend payment of all principal and interest on Road King's senior notes, offshore bank loans and perpetual capital securities in August 2025. The management of Road King confirmed to the Company that the suspended payment has triggered events of default under certain financing arrangements and may lead to certain creditors of Road King demanding accelerated repayment of Road King's offshore bank loans and senior notes and/or taking enforcement actions pursuant to the relevant terms, and in October 2025, certain creditors of Road King have exercised such rights, accelerating repayment of a portion of Road King's offshore bank and other borrowings and taking enforcement actions.

During the year ended 31 December 2025, the Group made an impairment provision amounted to HK$250,365,000 (2024: HK$879,000,000) in relation to the investment in Road King. The recoverable amount has been determined based on the fair value less costs of disposal by reference to the market capitalization of Road King, as the amount of value in use according to a valuation performed by an independent valuer, is lower than the fair value less cost of disposal.

The movement of investments in associates is as follows:

	2025	2024
	HK$'000	*HK$'000*
Share of net assets:		
Opening balances	**2,263,641**	4,545,599
Share of results	**(1,602,913)**	(1,132,794)
Share of other comprehensive income	**23,770**	(241,681)
Dividends	**(13,939)**	(22,097)
Additions	**9,715**	–
Provision for impairment	**(378,534)**	(879,000)
Exchange differences	**5,218**	(6,386)
Closing balances	**306,958**	2,263,641

As at 31 December 2025, there were no significant capital commitments relating to the Group's investments in the associates.

12 Financial assets at fair value through profit or loss

	2025	2024
	HK$'000	*HK$'000*
Non-current:		
Financial assets measured at FVTPL		
– Listed equity investments in the Chinese mainland	**40,614**	42,458
– Unlisted equity investments in the Chinese mainland	**99,639**	97,191
	140,253	139,649
Current:		
Financial assets measured at FVTPL		
– Listed equity investments in Hong Kong	**773**	894
– Wealth management products the Chinese mainland	**332,579**	–
	333,352	894

13 Trade and other receivables

	2025	2024
	HK$'000	*HK$'000*
Included in non-current assets		
– Other receivables – net	**1,159,323**	661,023
Included in current assets		
– Trade receivables – net *(note (a))*	**1,551,632**	1,448,618
– Other receivables – net *(note (b))*	**9,273,469**	9,291,542
– Prepayments *(note (c))*	**125,313**	144,033
	10,950,414	10,884,193

As at 31 December 2025, non-current other receivables mainly represented the fair value of the relocation properties which will be delivered to the Group as a result of the demolition and relocation arrangements with the governments. Other than that, the carrying value of trade and other receivables approximated their fair value.

(a) Details of trade receivables are as follows:

	2025	2024
	HK$'000	*HK$'000*
Trade receivables	**1,740,124**	1,619,472
Less: provision for loss allowance	**(188,492)**	(170,854)
Trade receivables – net	**1,551,632**	1,448,618

The Group normally does not grant any credit terms to its customers for the sale of properties. The Group seeks to maintain strict control over its outstanding receivables. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables. Trade receivables are non-interest-bearing.

As at 31 December 2025, the Group's trade receivables with a net carrying value of approximately HK$50,838,000 (31 December 2024: HK$41,481,000) was pledged to secure other borrowings granted to the Group.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the contract date, is as follows:

	2025	2024
	HK$'000	*HK$'000*
Within 1 year	**1,186,562**	1,006,851
1 to 2 years	**328,853**	455,255
2 to 3 years	**86,582**	33,096
Over 3 years	**138,127**	124,270
	1,740,124	1,619,472

None of the single customer's contributed 10% or more of the Group's total revenue during the financial year ended 31 December 2025 and 2024.

(b) Details of other receivables are as follows:

	2025	2024
	HK$'000	*HK$'000*
Prepaid tax	**3,912,918**	4,310,233
Dividend receivable from joint ventures and associates (i)	**689,484**	645,547
Due from an associate	**26,770**	24,942
Due from joint ventures	**2,350,377**	1,909,215
Due from non-controlling interests	**671,582**	512,794
Due from fellow subsidiaries	**3,782**	24,312
Due from the ultimate holding company	**28,696**	32,188
Due from the immediate holding company	**1,172**	1,143
Others	**1,930,220**	2,158,384
	9,615,001	9,618,758
Less: allowance for impairment	**(341,532)**	(327,216)
Other receivables – net	**9,273,469**	9,291,542

(i) Details of dividends receivable from joint ventures and associates are as follows:

	2025	2024
	HK$'000	*HK$'000*
Taizhou Shum Yip	**572,827**	493,960
Tianan	**116,246**	151,186
Others	**411**	401
	689,484	645,547

(c) Details of prepayments are as follows:

	2025	2024
	HK$'000	*HK$'000*
For acquisitions of land	**12,465**	15,368
For construction costs and construction materials	**7,118**	69,117
Others	**105,730**	59,548
	125,313	144,033

14 Bank and other borrowings

	2025	2024
	HK$'000	*HK$'000*
Non-current		
Bank loans – secured	**984,790**	587,649
Bank loans – unsecured	**17,891,540**	18,421,394
Other borrowings – secured Commercial Mortgage-backed Securities ("CMBS") *(note (a))*	**7,152,495**	3,795,438
	26,028,825	22,804,481
Current		
Bank loans – secured	**389,570**	467,314
Bank loans – unsecured	**11,183,700**	10,606,523
Other borrowings – secured CMBS *(note (a))*	**167,947**	3,486,731
	11,741,217	14,560,568
	37,770,042	37,365,049

All of the interest-bearing borrowings are carried at amortised cost.

The Group has complied with the financial covenants of its borrowing facilities during the financial year ended 31 December 2025 and 2024.

(a) At 31 December 2025, other borrowings included CMBS as below:

At 1 March 2021, RMB1,800,000,000 (equivalent to HK$1,992,780,000) issued in China Interbank Bond Market, which were secured by certain property, plant and equipment, investment properties and its receivables of future rental incomes. The interest rates of the CMBS classified as Priority Level with a principal amount of RMB1,790,000,000 was fixed at 3.88% per annum. The term of the CMBS was 18 years. At the end of the third year, the sixth year and the ninth year, the Group shall be entitled to adjust the interest rates of the CMBS or repurchase the outstanding balance, and the holders of the CMBS shall be entitled to require the Group to redeem the outstanding balance.

At 7 May 2021, RMB2,000,000,000 (equivalent to HK$2,214,200,000) issued in China Interbank Bond Market, which were secured by certain property, plant and equipment, investment properties and its receivables of future rental incomes. The interest rates of the CMBS classified as Priority Level with a principal amount of RMB1,999,000,000 was fixed at 3.80% per annum. The term of the CMBS was 18 years. At the end of the third year, the sixth year and the ninth year, the Group shall be entitled to adjust the interest rates of the CMBS or repurchase the outstanding balance, and the holders of the CMBS shall be entitled to require the Group to redeem the outstanding balance.

At 24 February 2022, RMB3,200,000,000 (equivalent to HK$3,542,720,000) issued in China Interbank Bond Market, which were secured by investment properties and its receivables of future rental incomes. The interest rates of the CMBS classified as Priority Level with a principal amount of RMB3,190,000,000 carried a fixed annual interest rate of 3.40% for the first three years, which was adjusted to 2.7% starting from the fourth year. The term of the CMBS was 18 years. At the end of the third year, the sixth year and the ninth year, the Group shall be entitled to adjust the interest rates of the CMBS or repurchase the outstanding balance, and the holders of the CMBS shall be entitled to require the Group to redeem the outstanding balance.

15 Trade and other payables

	2025	2024
	HK$'000	*HK$'000*
Trade payables *(note (a))*	**7,791,632**	5,803,323
Other payables and accruals *(note (b))*	**9,528,162**	12,655,152
Other taxes payable *(note (c))*	**141,092**	361,191
	17,460,886	18,819,666

(a) Trade payables

The ageing analysis of the trade payables based on invoice date was as follows:

	2025	2024
	HK$'000	*HK$'000*
Within 1 year	**7,252,253**	5,224,385
1 to 2 years	**175,583**	171,538
2 to 3 years	**142,445**	177,447
Over 3 years	**221,351**	229,953
	7,791,632	5,803,323

The total amounts of the trade payables are non-interest-bearing.

(b) Other payables and accruals

Other payables and accruals mainly included amount due to joint ventures, fellow subsidiaries, an other related company and non-controlling interests of the Group.

	2025	2024
	HK$'000	*HK$'000*
Accruals and other payables	**4,620,998**	4,915,153
Output VAT to be transferred	**965,762**	2,427,725
Employee benefits payable	**814,321**	803,271
Dividend payables to non-controlling shareholders (i)	**231,416**	88,435
Due to joint ventures	**155,322**	12,601
Due to fellow subsidiaries	**1,788,299**	1,906,341
Due to an other related company	**–**	167,558
Due to non-controlling interests	**952,044**	2,334,068
	9,528,162	12,655,152

(i) Details of dividends payable are as follows:

	2025	2024
	HK$'000	*HK$'000*
Hong Kong Xinchao Investment Co., Ltd.	**118,146**	74,354
Others	**113,270**	14,081
	231,416	88,435

(c) Other taxes payables

Other taxes payables mainly included value-added taxes payables and other taxes.

16 Share capital and reserves

	2025	2024
	HK$'000	*HK$'000*
Issued and fully paid:		
8,898,793,115 (31 December 2024: 8,898,793,115) ordinary shares	**22,071,756**	22,071,756

(a) During the year, the movements in share capital were as follows:

	2025		2024	
	Number of shares in Issue	**Issued share capital** *HK$'000*	Number of shares in Issue	Issued share capital *HK$'000*
At 1 January	**8,898,793,115**	**22,071,756**	8,898,793,115	22,071,756
At 31 December	**8,898,793,115**	**22,071,756**	8,898,793,115	22,071,756

(b) Capital reserve

	2025	2024
	HK$'000	*HK$'000*
Capital reserve	**59,019**	59,019

17 Financial guarantees

	2025 HK$'000	2024 HK$'000
Financial guarantees to purchasers of the Group's properties *(note (a))*	**13,523,487**	13,070,659
Financial guarantees to related parties of the Group *(note (b))*	**223,419**	1,445,322
Financial guarantees to the parties affected by the urban renewal project, using their demolished properties as collateral for the loan *(note (c))*	**325,274**	323,381

(a) Pursuant to the terms of the financial guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loan and ends after the buyer of the Group's properties obtained the individual property ownership certificate.

The directors consider that in case of default in payments, the net realizable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty and therefore no provision has been made in connection with the guarantees.

(b) As at 31 December 2025, the Group has given guarantees amounted to HK$223,419,000 in respect of bank loans and other borrowings to Taizhou Shum Yip Investment Development Limited and Guangzhou Bizhen Real Estate Development Limited, both of which are joint ventures of the Group.

(c) The Group provided loan guarantees to the parties affected by the urban renewal project, using their demolished properties as collateral for the loan.

Pursuant to the terms of the guarantees, if there is default on repayment by these affected parties, the Group is responsible for repaying the outstanding bank loans with any accrued interest and penalties owed to the bank. The Group is then entitled to take over the legal ownership of the repossessed properties. The Group's guarantee period extends from the date of signing the guarantee contract until the affected parties obtain the ownership certificate of the repossessed properties.

The directors consider that in case of default in payment, the net realizable value of the related properties is sufficient to repay the outstanding loans along with any accrued interest and penalties, and therefore no provisions have been made in connection with the guarantees.

18 Commitments

Capital commitments outstanding at 31 December 2025 not provided for in the financial report were as follows:

	2025 HK$'000	2024 HK$'000
Commitments in respect of the acquisition of land and buildings, and development costs attributable to properties under development contracted, but not provided for	**7,307,622**	7,144,700

The Group agreed a maximum capital contribution to a related party, Shum King Company Limited, of HK$3,000,000,000 for its development of a piece of land in Hong Kong. As at 31 December 2025, the Group had an outstanding capital commitment to Shum King Company Limited of HK$1,360,000,000 (2024: HK$1,542,500,000).

19 Related-party transactions

In addition to the financial guarantees provided to joint ventures and the capital commitments provided to a joint venture, the Group had the following significant related party transactions:

(a) Financing arrangements

(i) The Group entered certain financing arrangements with its related parties.

	2025	2024
	HK$'000	*HK$'000*
Loans from the ultimate holding company	**13,741,435**	18,349,939
Loans from the immediate holding company	**3,448,574**	3,647,383
Loans from fellow subsidiaries	**1,783,087**	1,889,199
Loans from a joint venture	**136,129**	–
Loans from an other related company	**–**	167,558
Loans from non-controlling interests	**813,763**	2,319,309
	19,922,988	26,373,388

The balances are interest bearing at interest rates ranging from 2.16% to 6.65% per annum (2024: 2.3% to 6.65% per annum). The relevant finance costs are disclosed in note 7.

(ii) The Group also provides loans to its related parties.

	2025	2024
	HK$'000	*HK$'000*
Loans to an associate	**26,770**	24,942
Loans to joint ventures	**2,207,955**	1,909,215
Loans to non-controlling interests	**666,675**	462,293
	2,901,400	2,396,450

	2025	2024
	HK$'000	*HK$'000*
Interest income from an associate	**1,183**	597
Interest income from joint ventures	**214,123**	229,057
Interest income from non-controlling interests	**10,286**	10,526
	225,592	240,180

The balances are interest bearing at rates ranging from 3.50% to 8.00% per annum (2024: 5.00% to 8.00% per annum).

(b) Leasing arrangements with related parties

(i) The Group entered leases in respect of certain leasehold properties from its related parties, with lease terms ranging from 1 year to 3 years. During the year ended 31 December 2025, the amounts of lease liabilities payable by the Group to its ultimate holding company, immediate holding company and associates were HK$7,517,000 (2024: HK$7,437,000), HK$5,518,000 (2024: HK$5,767,000), and HK$12,139,000 (2024: HK$24,927,000) respectively. The interest expenses of relevant lease liabilities for the year ended 31 December 2025 were HK$1,328,000 in aggregate (2024: HK$847,000).

(ii) The Group also entered into lease arrangements with its ultimate holding company and fellow subsidiaries as lessors. For the year ended 31 December 2025, the rental income in respect of these lease arrangement were HK$5,413,000 (2024: HK$7,086,000) and HK$5,316,000 (2024: HK$5,581,000) respectively.

(iii) The prices for the above transactions were determined based on mutual agreement between the Group and related parties.

(c) Other related party transactions

(i) The Group entered arrangements with its ultimate holding company and fellow subsidiaries in which the Group provides management services (training and property management). For the years ended 31 December 2025, the management fee income in respect of the management services provided to the ultimate holding company and fellow subsidiaries were HK$2,715,000 and HK$68,823,000 (2024: HK$5,838,000 and HK$12,210,000).

(ii) The Group entered into the development and construction services agreement with the parent of its non-controlling interest. The parent of its non-controlling interest will provide development, construction, marketing and other services to the Group. The service fee shall be determined and accrued and payable by the Group to the parent of its non-controlling interest. For the year ended 31 December 2025, the cost in respect of these services was HK$48,585,000, included value-added tax (2024: HK$86,765,000). This transaction constitutes the continuing connected transactions under Hong Kong Listing Rules.

(iii) The Group also entered arrangements with its fellow subsidiaries which provide hotel management services to the Group. For the year ended 31 December 2025, the management fee in respect of these event management services was HK$2,035,000 (2024: HK$2,547,000).

(iv) The Group entered into the Digital Platform Development Agreements and the Digital Platform Repair and Maintenance Services Agreements with its ultimate holding company and fellow subsidiaries for the provision of services of development and maintenance of digital platforms and systems. For the year ended 31 December 2025, the service fee income in respect of the development and maintenance services provided to the ultimate holding company and fellow subsidiaries were HK$10,542,000 and HK$7,684,000 respectively (2024: HK$9,594,000 and HK$9,517,000).

(v) During the year ended 31 December 2025, the Group provided development and construction services to the subsidiaries of its joint venture, Tian An Cyber Park (Group) Co.,Ltd, the relevant revenue earned is HK$9,856,000 (2024: HK$25,060,000).

(vi) The prices for the above mentioned transactions with related parties were determined based on mutual agreement between the Group and related parties.

(d) Outstanding balances with related parties:

(i)

	2025	2024
	HK$'000	*HK$'000*
Due to the ultimate holding company	**329,503**	302,737
Due to the immediate holding company	**726,166**	688,643
Due to a joint venture	**19,193**	12,601
Due to fellow subsidiaries	**5,212**	17,142
Due to non-controlling interests	**138,281**	14,759
	1,218,355	1,035,882

	2025	2024
	HK$'000	*HK$'000*
Due from associates	**–**	18,101
Due from joint ventures	**142,422**	21,140
Due from non-controlling interests	**4,907**	5,476
Due from fellow subsidiaries	**3,782**	24,312
Due from the ultimate holding company	**28,696**	32,141
Due from the immediate holding company	**1,172**	1,143
	180,979	102,313

These balances are unsecured, interest-free and have no fixed terms of repayment.

(e) Compensation of key management personnel of the Group

	2025	2024
	HK$'000	*HK$'000*
Short-term employee benefits	**8,926**	13,739
Post-employment benefits	**962**	1,947
Share-based payments	**–**	38
Total compensation paid	**9,888**	15,724

CHAIRMAN'S STATEMENT

In 2025, China's property market underwent profound adjustments, and the industry was facing a critical juncture of transitioning between old and new development models. Amidst the complex and severe market environment, the Group faced challenges head-on and struggled with all strength as a whole, demonstrating strong resilience in its main business and making breakthrough progress in strategic transformation and the cultivation of core competencies.

During the year, the Group's revenue achieved a historic milestone, surging 159% year-on-year to HK$40.4 billion, surpassing the HK$40 billion mark for the first time; and core net profit reached HK$501 million. However, affected by multiple adverse factors including downward pressure on the property market and debt defaults by associates, based on a prudent assessment of current market conditions, the Group recorded provisions totaling approximately HK$2.78 billion for inventory and related long-term investments, together with a negative impact of HK$1.78 billion from losses attributable to associates and joint ventures, resulting in a loss attributable to owners of the Company of HK$4.37 billion. Although these substantial provisions had caused a significant impact on the Group's performance for the year and caused short-term pain, they had effectively consolidated the Group's asset quality and laid a solid foundation for its transformation towards a "real estate asset management and urban integrated operation service provider" as well as its high-quality development during the "15th Five-Year Plan" period.

I. OPERATIONAL REVIEW FOR 2025

(I) Steady Development of Property Development Business

The Group actively responded to the profound adjustments in the real estate market, striving to consolidate our fundamentals. Our property contracted sales remained stable against market headwinds. We implemented a special action on de-stocking, seized policy windows to accelerate the de-stocking process, and achieved sales breakthroughs on key projects, including Shum Yip Luxury Mansion, through tailored strategies, with annual contracted sales reaching RMB13.3 billion (equivalent to approximately HK$14.5 billion), advancing 4 positions among national ranking in sales performance against the market downturn. The control of the entire process over our projects was strengthened, with the Phase II of the First Renewal Unit in Chegongmiao as pilot project, we established a matrix-style management model of "integrating vertical specialization with horizontal coordination (縱向專業貫通、橫向協同聯動)", further improving project execution efficiency. Our product quality saw iterative enhancements. We actively responded to the national call to build safe, comfortable, green, and intelligent "good houses", with premium residential R&D achievements implemented in projects such as Taizhou Yunjing and Wuhan Shum Yip Cuiwei Valley, contributing to the establishment of a new real estate development model. The Group successfully delivered 9 residential projects throughout the year, covering a total booked sales area of approximately 930,774 square meters, generating property development revenue of HK$34.2 billion.

(II) Resilience Demonstrated by Real-estate Asset Management and Operation Business

Our real-estate asset management and operation business served as a key “stabilizer”, with the overall occupancy rate of assets in operation remaining at a high level of 88%. **Our commercial operations demonstrated their strengths**. UpperHills, the benchmark flagship project of our commercial operations, achieved sales of HK$7.3 billion, representing a year-on-year increase of 13%, firmly securing its position within Shenzhen’s premier commercial tier. Against the backdrop of the climbing vacancy rate of grade-A office across the city and the declining average rents, UpperHills led the market against the trend, newly introducing over 20 premium first-in and flagship stores, and successfully attracting multiple renowned enterprises. The total number of Fortune Global 500 companies operated in the building had reached 14, with leased space reaching 54,000 square meters – the highest in the city. We have successfully won the bids for the China Merchants Bank Global Headquarters Building in Shenzhen Bay Super Headquarters Base and the Huafu Village commercial project, demonstrating tangible results in light asset output. **Our operational capability for hotel business has been enhanced**. With the successful opening of our inaugural wellness-themed hotel, Wuyishan Jingju Hotel (武夷山憬居酒店), and the inclusion of Mandarin Oriental Hotel at UpperHills in the list of the 2025 Global Michelin Key Hotels, our gross operating profit (GOP) grew significantly against a challenging industry backdrop. **Our property management has seen improvements in both scale and quality**. Shum Yip Operations was ranked 14th among the Top 100 Property Service Enterprises in China, marking four consecutive years of upward ranking; our “Artificial Intelligence+” urban governance model has matured, securing recognition as a “Leading Enterprise in Smart City Services in China” for five consecutive years.

(III) Firm Progress on Strategic Transformation

We have advanced the divestment of our non-core businesses. Through the disposal of 70% equity interest in Jinghua Electronics, the Group successfully realized the market value of this segment, with the proceeds being channeled towards enhancing and upgrading core businesses. The foundation for our asset management was strengthened. We have completed a systematic inventory of all assets under operation, fully implemented the asset management system, and commenced the revitalization of the first batch of existing assets in an orderly manner. The Group deployed its strategic emerging industry investment based on industrial parks, and partnered with the parent company’s capital platform to establish a park industrial fund. Through a “promotion-investment linkage” model, it precisely targeted high-quality sci-tech enterprises, and leveraged capital empowerment to drive industrial clustering, focusing on building a virtuous cycle of “funds + bases”.

(IV) Continuous Optimization of the Asset-liability Structure and Corporate Governance

In response to the ongoing profound adjustments within the industry, the Group implemented comprehensive measures, and progressively disposed its inventories and made provisions based on the market situation, reinforcing its asset foundation. The Group continuously optimized its debt structure, reducing interest-bearing debts by HK$6.9 billion, thereby reinforcing the bottom line of operational safety. Meanwhile, we advanced the preparation of our strategic planning for the "15th Five-Year Plan" period, comprehensively launched organizational restructuring, and attempted to systematically advance an organizational governance transformation, to align with our strategic transformation. To this end, we focused on introducing several talents in critical domains essential for transformation to enhance our team capabilities. Our compliance governance had garnered repeated accolades. The Group's MSCI-ESG rating was elevated from A to AAA, making it a mainland real estate company listed in Hong Kong the highest MSCI-ESG rating.

II. STATUS ANALYSIS AND PROSPECTS FOR THE "15TH FIVE-YEAR PLAN" PERIOD

While reviewing our achievements, we are clearly aware that the Group is in a crucial period of profound transformation in its development model, and that an unprecedented restructuring is taking place in both internal and external environments. On one hand, **the industry has witnessed fundamental changes in its underlying logic**. The real estate industry has comprehensively transformed from "competing on speed of expansion" to "developing through value exploration", and evolved from a "manufacturing-oriented model" to an "integrated model of product-service-operation". The core competition element has shifted from "land-acquisition frequency" to "asset efficiency" and "operational quality", with its core logic lying in the deep exploration on intrinsic value of each project. Amidst the current industry backdrop, the Group encountered challenges of sluggish sales and compressed margins in its development activities, and accordingly, it proposed to gradually divest the real estate development business and reduce the proportion thereof, hoping to enhance the balance and anti-cyclicality of the Group's business through structural optimization, and to alleviate the market fluctuation. On the other hand, despite the impact of downturn in property development, the Group made visionary deployments on operating assets management and explored the diversified development of multiple operating fields including properties, commercial operations and hotels, **gathering critical momentum in its transforming businesses**. UpperHills, a benchmark project successfully developed by the Group, has become a typical sample of "growing against headwinds" in the commercial circles of Shenzhen and even the whole country. However, as we are currently in a transitional phase between old and new growth drivers, the contribution of our transformation initiatives to overall performance still needs to be enhanced. The window of opportunity for transformation will not wait. We must seize this moment and take more decisive and systematic measures to accelerate breakthroughs in our transformation initiatives, thereby effectively converting the accumulated momentum of transformation into sustainable contributions to performance.

In addition, **funding pressure remains a challenge for the industry**. Given the complex and volatile features of current market both domestically and internationally along with the fact that the overall funding environment remains tight, the optimization of debt structure and the maintenance of the balance in cash flows are the priorities of the Group's operation and management. We will adhere to prudent investment principles, strengthen the overall management and control of funds, accelerate the capital recovery, and optimize the asset-liability structure, so as to safeguard the Group's long-term financial stability. **Our management systems urgently require upgrading to keep up with our business development**. The existing organizational structure and control model requires systematic reform to deepen operational synergies and foster mechanism innovation to ensure the synchronous upgrading of control capabilities and transformation goals, and thereby fully stimulating the vitality of each business segment.

In light of the above, the Group acquires a clear and resolute positioning for its transformation during the "15th Five-Year Plan" period. In particular, we will promote **the comprehensive transformation** in our principal business from traditional "real estate development" to **"real estate asset management and urban integrated operations service"**, aiming to foster a business portfolio with robust anti-cyclicality that provides long-term and stable cash flows and performance contributions. Over the next five years, real estate asset management and urban integrated operation will become the core pillars of the Group's performance, with real estate assets under management reaching HK$50 billion and rental and operating revenue reaching the HK$10 billion level.

During the "15th Five-Year Plan" period, the Group will implement a series of measures to drive its strategic transformation. **Firstly, optimizing our business structure to lay a solid foundation for transformation**. By implementing a strategy of "controlling new supply while optimizing our existing inventory", we will proactively and systematically reduce the proportion of traditional development business while steadily increasing the scale and profit contribution of real estate asset management and urban integrated operation. This will clearly define the focus of our transformation at the source of resource allocation. **Secondly, building an asset management system to release asset value**. We will establish a full-cycle asset management system of "investment, financing, development, management and investment exit", explore innovative financing models, and make investment in real-estate sector through various methods including market acquisition and development synergies. We will enhance the profitability and market value of relevant assets through professional and refined operation and management, while seizing the opportunities from the expansion of domestic REITs, and actively exploring the use of asset securitization tools to form a virtuous cycle of "investment, financing, development, management and investment exit", transforming static assets into dynamic capital that supports our business growth. **Thirdly, enhancing refined operation and fostering core competitiveness**. Leveraging our comprehensive capabilities across the entire real estate investment, development, ownership, operations, and services value chain, we will further enhance our product offerings and service capabilities. We will focus on the refined management of our portfolio properties, strengthen our proprietary brands, and strive to establish our commercial management as a leading brand in the Greater Bay Area and elevate our property management scale into the top tier nationally. **Fourthly, we will reform our management and control system and strengthen organizational support**. The Group will upgrade its management and control system, precisely recruit the talent needed for transformation and development, and innovate incentive mechanisms to ensure that resource allocation, organizational efficiency, and staffing align with our transformation and development, thereby providing comprehensive support for the execution of the aforementioned strategies.

III. 2026 WORK PLAN

2026 marks the opening year of the "15th Five-Year Plan". We have established four key annual business and management themes, and all initiatives will be carried out in an orderly manner around these themes.

Theme 1: ***Optimizing the asset mix by expediting sales and capital recovery, and repositioning assets to underpin development***

Promoting real estate de-stocking. The Group will position "accelerating inventory reduction and ensuring cash recovery" as a critical operational strategy. By carrying out penetrating review and dynamic assessment on salable projects of approximately HK$33 billion and setting reasonable selling prices, the Group will implement a "one project, one policy (一項目一策)" approach to achieve precise destocking and speed up cash recovery, striving to maintain stable contracted sales amount throughout the year and achieve the annual target for contracted sales of approximately HK$13 billion, effectively safeguarding operating cash flow. **Systematically revitalizing existing assets**. As flexible asset optimization forms a key part of full-life cycle asset management, we will adopt a holistic approach to revitalize existing assets. For scattered and inefficient non-core assets, we will adhere to the principle of "revitalizing in batches and releasing at favorable prices", with a view to facilitating the public listing of assets amounting to approximately HK$2 billion, effectively releasing the value of existing assets and achieving capital return. **Coordinating and optimizing the asset-debt structure**. We will continuously enhance the deep integration of business development and financial management, and flexibly reduce interest-bearing liabilities, and improve asset turnover efficiency through various means, supporting the Company's stable operation.

Theme 2: ***Delivering quality products and services, ensuring the successful delivery of every project through precise investment and refined operations***

Enhancing our management and operation for real-estate assets. In terms of asset management, we will fully devote ourselves to fostering strong product competitiveness, renovating old assets to create demonstration projects, shifting from "passive leasing" to "proactive operation", advancing asset management toward standardization, greater leanness and digitalization, and achieving preservation and appreciation of existing assets as well as stable growth in rental income. In terms of commercial operations, we will consolidate and elevate UpperHills' position as a benchmark, and ensure the operation of "Bay Front • UpperHills Water Street (灣中 • 上城水街)" in Zhongshan and "Magic World", an indoor IP theme park, within the year, and explore a multi-dimensional integrated model of "commerce + park + transportation hub + culture, sports, tourism and entertainment", enhancing scalable and standardized replication capacity, further expanding the business network. In terms of hotel management, we will accelerate the establishment of a standardized operation system and develop benchmark "Hotel +" projects, promoting the steady growth of the gross operating profit (GOP) for the hotel business. In terms of property services, based on the innovative application of "AI + urban operation", we will upgrade the smart scenarios of urban service platforms, build demonstration projects empowered by technology, distinguished by excellent services and recognized by outstanding reputation, and drive multiple improvements in management scale, labor efficiency and service quality.

Strengthening overall investment coordination to achieve precise resource deployment. Under the current constrains of capital and resources, we will establish a project selection mechanism with cash flow security and profit contribution as core assessment criteria, focus on core cities such as Shenzhen and Shanghai, prioritize high-quality projects with strong strategic fit, clear profit models and secure cash recovery, and accelerate the transformation of strategic resources including land benefit coordination and urban renewal. Meanwhile, we will focus on mature commercial assets that can generate stable cash flow and continuously optimize the asset portfolio through various channels.

Theme 3: ***Reshaping the organization, strengthening the headquarters, solidifying secondary-level entities and empowering frontline teams to boost value creation***

Deepening organizational reform. The Group will strive to form a management system that aims to "strengthen the headquarters and solidify secondary-level entities", in which the headquarters will focus on strategic direction, professional enablement and integrated resource planning, while secondary-level companies will enhance the governance efficiency of business segments through professional integration and the flattening of management structures. Also, we will accelerate the adjustment of the talent structure to match business transformation, intensify the recruitment of "top-tier and scarce" talents, advance an internal training empowerment mechanism to build a composite talent echelon, thereby supporting the Company's strategic transformation in the future. **Optimizing compensation incentives**. We will uphold performance-oriented and targeted incentives, directing compensation resources to key roles and frontline value-creating employees to boost organizational dynamism. **Advancing business streamlining**. We will concentrate on core main businesses, and enhance resource concentration and management efficiency through operational improvement, consolidation, disposal and exit of assets and other measures.

Theme 4: ***Driving technological innovation, building technology-enabled service capabilities, and taking solid strides in our transformation journey***

Actively cultivating new growth engines driven by technological innovation. We will transcend our traditional role as space provider in industrial parks segment and further the "funds + bases" integrated model, developing professional technology-themed parks, delivering in-depth industrial ecosystem services and strengthening "promotion-investment linkage" incubation capacity, and we will establish a business portfolio comprising "industrial space + technology services + investment and incubation". **Focusing on creating a new growth engine centered on technology industrial investment and services**. Centering on hard technology areas, we will carry out equity investments in conjunction with our parent company's industrial funds and actively encourage invested enterprises to locate in our parks, creating a virtuous cycle where "funds identify industries, bases nurture industries, and industries support capital", thereby enabling technology industry investment and services to become an important engine for the Group's future growth.

The new journey will not be accomplished overnight. We will uphold long-termism and anchor our transformation direction of being a "real estate asset management and urban integrated operation service provider" with strategic resolve, and steadfastly enhance the Group's core competitiveness and operating results. We are confident that through continued deep development and value creation, the Group will deliver long-term and stable returns to all shareholders.

We would like to express our gratitude to all shareholders for your continued trust and support!

MANAGEMENT DISCUSSION AND ANALYSIS

I. OVERALL RESULTS AND KEY FINANCIAL INDICATORS

For the whole year of 2025, the Group realized turnover of HK$40.364 billion, representing a year-on-year increase of 159.3%. Gross profit was HK$6.556 billion, representing a year-on-year increase of 47.7%, with overall gross profit margin of 16.2%, and operating profit was HK$1.673 billion. Loss attributable to owners of the Company was HK$4.365 billion; if excluding the net effect of changes in fair value of investment properties and financial assets attributable to the Group, provision for impairment of inventories and the effect of results from and provision for associates and joint ventures, the profit attributable to owners of the Company (i.e. core net profit) was HK$501 million.

During the year, the Group's overall operating results were primarily affected by the following factors: First, benefiting from a significant increase in both the area of properties booked and the average selling price during the year, the Group's revenue and gross profit from property development business recorded substantial growth. Against the backdrop of continued pressure in the real estate market, although the gross profit margin of this segment narrowed due to the overall industry trend, it still demonstrated strong operational resilience. Second, the Group's share of results from associates and joint ventures recorded significant losses. After prudent assessment by the management, sufficient impairment provisions were made for the relevant equity investments. During the period, the combined losses and impairments from the aforementioned associates and joint ventures dragged down the Group's net profit by a total of HK$2.154 billion, exerting a considerable negative impact on overall profitability. Third, taking full account of the selling prices in real estate market and adhering to the principle of prudence, the Group made inventory provisions amounting to HK$2.405 billion during the year.

Breakdown of the Group's Revenue and Gross Profit Margin from Major Business Segment for 2025

Business category	Segmented business	Amount of revenue *(HK$100 million)*	Year on-year changes	Gross profit margin
Real-estate development business	Property sales booked	342.05	274.5%	15.2%
Real-estate asset-management and integrated operations business	Property investment	13.60	-1.2%	62.5%
	Urban integrated operations (property management)	32.42	-1.5%	14.5%
	Hotel operation	4.56	-3.3%	11.7%

II. PROGRESS OF PRINCIPAL BUSINESSES

(I) Real Estate Development Business

1. Contracted Sales

For the whole year of 2025, the Group achieved contracted sales of approximately RMB13.311 billion (equivalent to approximately HK$14.530 billion), representing a year-on-year decrease of 21.6%. Contracted sales area was approximately 617,906 square meters, up 2.4% year on year, with an average selling price of RMB21,542 per square meter. During the year, the Group has flexibly develop marketing strategies that are suitable for the market, adhered to precise implementation, and made every effort to promote property sales and inventory reduction. Projects under the Group including Luxury Mansion, Natural City and Shum Yip Cloud Center in Shenzhen achieved satisfactory sales throughout the year, and projects such as Shum Yip Cloud Center and Natural City in Shenzhen, and Garden Hills in Huizhou were top sellers in their respective districts.

By geographical location, projects in the Guangdong-Hong Kong-Macao Greater Bay Area accounted for 74.9% of the contracted sales, 22.9% came from projects in the municipalities and provincial capitals, and 2.2% came from other cities. By the types of products, residential products accounted for 80.3% of contracted sales, and non-residential products (including office, apartment and industrial park) accounted for 19.7%.

Breakdown of Contracted Sales in 2025

Property Name	City	Type	Sales Area *(sq.m.)*	Sales [Note 1] *(RMB'000)*
Shum Yip Luxury Mansion	Shenzhen	Residential	31,241	2,113,428
Shum Yip Natural City	Shenzhen	Residential	70,202	1,638,942
Shum Yip Cloud Center	Shenzhen	Residential	32,569	1,014,512
Tairui Mansion	Shenzhen	Residential	19,755	903,270
Shum Yip Taifu Square	Shenzhen	Apartment	47,914	1,220,000
Sky Park	Shenzhen	Apartment	7,458	481,427
Shum Yip Time Mansion	Shenzhen	Apartment	5,547	225,324
UpperHills	Shenzhen	Industrial R&D, office	7,882	367,471
Parkview Bay	Shenzhen	Residential	191	20,300
Shum Yip Upper Coast	Shenzhen	Residential	116	10,316
Tanglang City [Note 2]	Shenzhen	Apartment	116	8,548
Shum Yip Scenery Bay	Guangzhou	Residential	12,756	320,446
Bustling City	Foshan	Residential	4,113	52,892
Shum Yip City	Foshan	Residential	1,343	12,097
Gaobangshan No. 1	Huizhou	Residential	42,782	329,367
Garden Hills	Huizhou	Residential	44,179	260,919
Wanlin Huafu	Huizhou	Residential	6,151	67,520
Wanlin Lake	Huizhou	Residential	1,678	9,676

Property Name	City	Type	Sales Area (sq.m.)	Sales [Note 1] (RMB'000)
Bay Front	Zhongshan	Residential, apartment	35,485	449,770
Parkview Garden	Zhongshan	Residential	47,152	467,710
Shenjia Hydrogen Valley	Shanghai	Residential	17,847	555,780
Upper Mansion	Shanghai	Residential	14,366	504,294
Nanwan Mansion	Nanjing	Residential	10,408	376,818
Longwan Mansion	Nanjing	Residential	8,654	94,871
Shum Yip Upper Life	Nanjing	Residential	3,449	55,403
Qinglong Mansion	Nanjing	Residential	205	3,301
Shum Yip Luxiyunjing	Changsha	Residential	1,640	28,442
Shum Yip Rui Cheng	Changsha	Residential/ commercial	1,568	9,847
Shum Yip Heron Mansion	Changsha	Residential	43	690
Shum Yip Tairong Mansion	Chengdu	Residential	25,604	526,936
Shum Yip Dongyue Mansion	Chengdu	Residential	22,164	306,672
Shum Yip North Shore	Chengdu	Residential	17,777	131,804
Qingbaijiang Shum Yip Taifu Square	Chengdu	Residential	7,061	45,544
Shum Yi Wah City	Chengdu	Residential	112	1,580
Shum Yip Taiyue Mansion	Chengdu	Residential	2,741	79,933
Shum Yip Yihu Rose Garden	Chengdu	Commercial	34	114
Nanhu Rose Bay	Wuhan	Commercial, parking space	16,576	211,860
Wuhan Tairan Bio Valley Project	Wuhan	Residential	8,395	117,403
Jiangyin Shum Yip Technology Industrial Park	Wuxi	Industrial R&D	15,483	78,934
Shum Yip Yunqi Garden	Taizhou	Residential	19,952	174,849
Splendid City	Taizhou	Residential/ commercial	485	2,338
Royal Spring Garden	Chaohu	Residential	169	1,800
Shum Yip Huafu	Ma'anshan	Commercial	4,543	24,922
Others	–	–	–	2,728
Total			617,906	13,310,798

Note 1: As all the contracted sales took place in Chinese Mainland, the contracted sales figures are expressed in Renminbi.

Note 2: Tanglang City project was co-developed with Shenzhen Metro Group, as to 50% owned by the Group, and it is accounted for using equity method.

2. Development Revenue Booked

In the whole year of 2025, the Group recorded property sales area booked of approximately 929,253 square meters (excluding interests attributable to the major associates of the Group), representing an increase of 129.8% over last year, and achieved sales revenue booked of approximately RMB31.334 billion (equivalent to approximately HK$34.205 billion) (net of value-added tax), representing an increase of 274.5% over last year. Gross profit of property development sales was HK$5.182 billion, representing an increase of 87.8% over last year, with a gross profit margin of 15.2%.

Breakdown of Sales Booked in 2025

Property Name	**City**	**Type**	**Booked Area** *(sq.m.)*	**Sales** *(RMB'000)*
Yunqi Garden	Shenzhen	Residential	23,127	191,584
Upper Coast	Shenzhen	Residential	163,498	12,743,382
UpperHills	Shenzhen	Residential/ apartment/ office/ innovative industrial building	5,336	225,645
Shum Yip Time Mansion	Shenzhen	Residential	10,051	475,021
Sky Park	Shenzhen	Apartment	6,762	418,243
Shum Yip Cloud Center	Shenzhen	Residential	31,609	918,745
Shum Yip Natural City	Shenzhen	Residential	50,040	1,247,316
Shum Yip Park Mansion	Shenzhen	Residential	44,789	1,894,873
Kechuang Building	Shenzhen	Office	38,173	1,129,718
Luxury Mansion	Shenzhen	Residential	22,611	1,969,259
Parkview Bay	Shenzhen	Residential	191	19,333
Scenery Bay	Guangzhou	Residential	9,707	278,752
Bay Front	Zhongshan	Office/ residential/ apartment/ commercial	210,242	4,367,003
Bustling City	Foshan	Residential/ commercial	4,715	56,448
Shum Yip City	Foshan	Residential	1,664	15,711
Wanlin Lake	Huizhou	Commercial	1,121	6,598
Garden Hills	Huizhou	Residential/ commercial	11,981	78,128
Gaobangshan	Huizhou	Residential/ commercial	33,359	235,022
Upper Mansion	Shanghai	Residential	68,314	2,198,244
Nanwan Mansion	Nanjing	Residential	15,206	545,233
Qinglong Mansion	Nanjing	Residential	307	3,028

Property Name	City	Type	Booked Area *(sq.m.)*	Sales *(RMB'000)*
Upper Life	Nanjing	Residential/ commercial	3,424	52,214
Longwan Mansion	Nanjing	Residential	3,207	48,783
Taohualing	Changsha	Residential	1,941	31,759
Shum Yip Ruicheng	Changsha	Residential/ commercial/ office	1,568	7,920
Heron Mansion	Changsha	Residential/ ancillary office	302	5,115
Yihu Rose Garden	Chengdu	Residential/ commercial	16,014	100,757
Shum Yip Dongyue Mansion	Chengdu	Residential/ commercial	33,490	504,341
Shum Yip Huating	Chengdu	Residential	218	2,828
Shum Yip Taifu Square	Chengdu	Residential	26,498	168,889
Shum Yip Taiyue Mansion	Chengdu	Residential	2,177	57,710
Shum Yip Tairong Mansion	Chengdu	Residential	47,702	899,733
Nanhu Rose Bay	Wuhan	Residential/ commercial	18,875	236,652
Shenyang Wuai Bus Station	Shenyang	Ancillary office	–	12
Splendid City	Taizhou	Residential/ commercial	485	2,226
Jiangyin Shum Yip Technology Industrial Park	Wuxi	Plant	15,071	72,141
Royal Spring Garden	Chaohu	Residential	372	4,381
Shenma Industrial Park	Ma'anshan	Plant	2,980	8,804
Ma'anshan Shum Yip Huafu	Ma'anshan	Residential/ commercial	2,126	19,857
Parking space	–	Parking space	–	93,041
Total			929,253	31,334,449

Note: 1,522 parking spaces were sold

3. Project Development and Construction

In the whole year of 2025, the Group's newly started construction area was approximately 370,000 square meters. The Group completed the completion filing of 13 projects, with a construction area of approximately 1.545 million square meters, continuously providing high-quality products to the market. In terms of key projects, Shum Yip Upper Coast, Shum Yip Luxury Mansion in Shenzhen, Shum Yip Dongyue Mansion in Chengdu and Upper Mansion in Shanghai were successfully delivered. Shenzhen Shum Yip Taifu Yinying Building, Zhongshan Bay Front Project Phase II (F36.38 Water Street Commercial), Changsha Shum Yip Luxiyunjing Phase II and other projects successfully completed construction and attained completion filing as scheduled. The marketing center and show flat of Wuhan Shum Yip Cuiwei Valley Project won the 2025 MUSE Design Awards Gold Award and TITAN Real Estate Awards Gold Award respectively, receiving high recognition from the industry.

New Construction Projects in 2025

Project	**City**	**Type**	**New Construction Area** *(sq.m.'000)*
Phase 2 of the First Urban Renewal Unit in Chegongmiao Tairan Industrial Zone	Shenzhen	Commercial services	207
Wuhan Shum Yip Cuiwei Valley Phase 1	Wuhan	Residential	163
Total			370

Newly Completed Projects in 2025

Project	City	Type	Newly Completed Area *(sq.m.'000)*
Longgang Shum Yip Chuangzhi Building Entire Phase	Shenzhen	Industrial	50
Shenzhen Qianhai Upper Coast Entire Phase	Shenzhen	Residential	310
Futian Shum Yip Time Mansion	Shenzhen	Residential	60
Longhua Luxury Mansion Phase 1	Shenzhen	Residential	140
Yinying Building, Luohu Shum Yip Taifu Square	Shenzhen	Commercial	140
Guangzhou Nansha Project (Phase 3)	Guangzhou	Residential	70
Zhongshan G29 Phase 1	Zhongshan	Residential	80
Bay Front Project (Phase 1 Residential F26/3, 6#| Phase 1 Residential F27/1, 2, 3, 8#) (Phase 2 F36,38 Water Street Commercial)	Zhongshan	Residential	250
Shanghai Upper Mansion	Shanghai	Residential	120
Nanwan Mansion Phase 2 (Block 1, 4#)	Nanjing	Residential	30
Changsha Luxiyunjing Phase I & II (South Land Plot)	Changsha	Residential	130
Longquanyi Project North Land Plot Residential	Chengdu	Complex	100
Wuxi Jiangyin Research and Innovation Park Phase 2	Wuxi	Industrial	70
Total			1,550

4. Provision for Impairment of Inventories

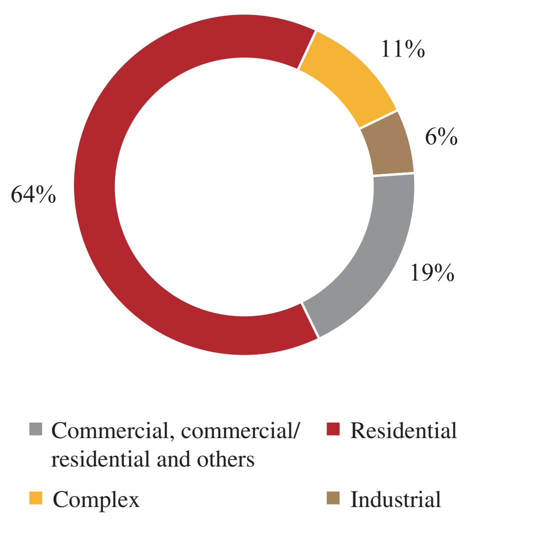
Affected by the downturn in selling prices in the real estate market, driven by the principle of prudence, and based on the measuring requirement of "the lower of cost and net realisable value", the Group increased its inventory impairment provisions, aiming to reflect the asset status of the Group at the end of the year in a fair manner. In 2025, the Group made an impairment provision of approximately HK$2.405 billion on the inventories held. Projects subject to significant impairment of inventories included Nanwan Mansion in Nanjing, Shum Yip Cloud Mansion in Huizhou, Shum Yip Scenery Bay in Guangzhou and Yunjing Garden in Huizhou.

5. Real Estate Investment and Reserves

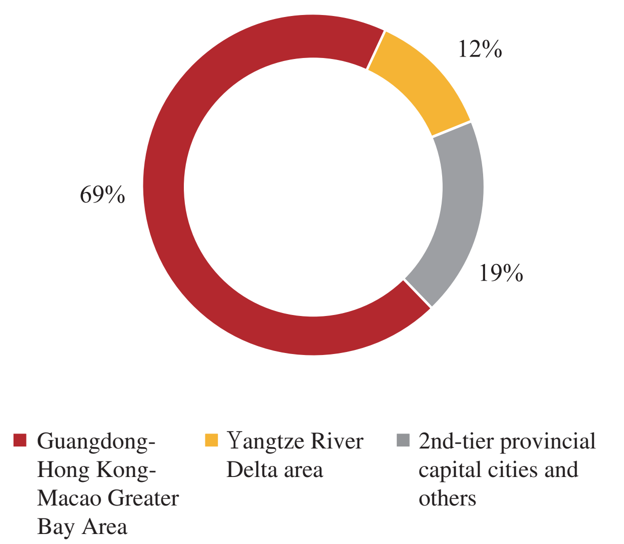
As of 31 December 2025, the Group had land reserves with a capacity building area of approximately 5,625,000 square meters. The structure of the land reserve remained reasonable and healthy, with land reserve in the Greater Bay Area, the Yangtze River Delta region and the second-tier provincial capital cities and other regions accounting for 69.3%, 11.9% and 18.8% of the total capacity buildings area respectively. During the year, the Group achieved significant progress on the Phase II of the First Renewal Unit in Chegongmiao in Shenzhen, with demolition work completed successfully. Positioned as a TOD urban complex integrating office, industry and commerce, this project will become an emerging business landmark in the Chegongmiao area. Significant progress has been made in various collaboration, including the preliminary proposal for benefit integration projects in the Henggang South gaining broad acceptance.

Figure 1: Distribution of Land Reserves (As at 31 December 2025)

By type – Capacity Building Area *Note*
(sq.m.)



By region – Capacity Building Area *Note*
(sq.m.)



Note: Capacity building area is the sum of the gross floor area which is used in the calculation of the plot ratio within the land for construction.

(II) Management of Real Estate Assets and the Urban Integrated Operations Business

1. Real-estate Asset Management Business

As of 31 December 2025, the Group had a total investment property area of approximately 1,761,100 square meters. During the year, the Group recorded an income from property investment of approximately HK$1.360 billion, representing a year-on-year decrease of 1.2%. The gross profit margin of property investment business was approximately 62.5%. Navigating a complex and volatile market environment alongside intensifying industry competition, the Group maintained a meticulous operational approach. Through multiple initiatives, the Group comprehensively strengthened tenant recruitment and vacancy absorption for office buildings, industrial parks, integrated commercial complexes and specialised markets. The overall occupancy rate remained at 88.1%, which is higher than the market level.

(1) Enhancing Value through Asset Optimization

The Group has actively pursued the renovation and upgrading of aging properties. It has successfully transformed former outdated dormitories into the "Shum Yip Neighborhood"（深業鄰里）long-term rental apartments, while the long-vacant property on the second floor of Haisong Building（海松大廈）was reshaped into into a diversified night economy consumption scenario. These initiatives have effectively driven dual growth in asset value and rental income, with some projects achieving rental increases of up to 180%. The flagship project, UpperHills, continued to drive commercial brand adjustments and capitalised on the "first-store economy"（首店經濟）, attracting a total of 20 first stores during the year. Among them, the first store in South China for "Shanghai Tang" and the nation's first store for "ENGINEAI Retail Flagship Store"（眾擎機器人零售旗艦店）were successively launched, achieving dual breakthroughs in the luxury and technology retail segments. By initiating the renovation and upgrade of the cinema area and preparing to create the new "The Gardens" dining concept space, the project aims to further enhance asset value.

(2) Demonstrating Resilience by Service Empowerment

The flagship UpperHills office building has fully introduced the service standards under the Golden Key International Alliance, deepening its dual-drive model of "hardware + service". Concurrently, it has innovatively introduced a "zero-cost" fine decoration delivery customization solution, persistently balancing lease renewals with new tenant acquisition. During the period, it bucked the trend by securing 7 quality corporate tenants, including one Fortune Global 500 company and three industry leaders. To date, UpperHills office building has attracted 14 Fortune Global 500 enterprises, ranking second among comparable projects in Shenzhen for tenant numbers, and has been officially awarded the "Building Foreign Business Service Point" designation. The benchmark effect and counter-cyclical resilience of this core asset continue to stand out prominently.

Benefiting from the implementation of refined operation strategies, unlocking spatial value through asset optimisation, and stabilising high-quality customer groups through service empowerment, the Group successfully improved the intrinsic asset quality and long-term profitability prospects of its real estate properties amidst a challenging market. As at 31 December 2025, the fair value of the Group's investment properties amounted to approximately HK$34.814 billion, representing an increase of 5.8% compared to last year.

2. Progress of Hotel Operations Business

Throughout 2025, the Group recorded an income from hotel operation business (included under other operating segment) of approximately HK$456 million. The gross profit margin of hotel operation business was approximately 11.7%.

The Group's hotel business demonstrated robust resilience through precise market positioning and flexible operating strategies. Its flagship premium luxury project delivered outstanding performance, with Mandarin Oriental Shenzhen maintaining the highest average room rate among its brand peers in South China and ranking first in Shenzhen for comprehensive operating indicators among luxury hotels. During the year, the hotel garnered 23 authoritative domestic and international awards, successfully listed in the "2025 Global Michelin Key Hotels"（2025全球米其林星鑰酒店榜單）with one Michelin key, while its Mo Bar has also been shortlisted in the "2025 Asia's 50 Best Bars"（2025亞洲50最佳酒吧）. Character and boutique hotels maintained stable operations, with MUJI Hotel achieving an annual average occupancy rate of 87%; Shenzhen Jingju Hotel precisely met family guest needs, with children's suites reaching over 90% occupancy during holidays; Suzhou Marriott Hotel's Chinese restaurant successfully completed its renovation and upgrade, further enhancing its dining competitiveness. The Group continued advancing its proprietary brand matrix and format innovation. The Group's "Jingju Resorts"（憬居度假）saw its branded first store, Wuyishan Jingju Resort Hotel（武夷山憬居度假酒店）, officially commence operations during the period. This project pioneered a multi-fusion "hotel + wellness"（酒店+康養）model. It has garnered multiple industry awards, including the GBE Hotel Design Awards 2025（2025 GBE酒店設計大獎）for "Most Anticipated New Opening Hotel"（最受期待開業酒店獎）, as well as "China Wellness & Healing Hotel of the Year"（中國年度康養療愈酒店）.

By the end of 2025, the Group had a total of 15 hotels under operation, under construction and under planning, of which, 8 hotels were already open for business, comprising 6 hotels owned and operated by the Group and 2 hotels under entrusted management by the Group. Currently, 7 hotels are currently under construction or under planning.

Hotels in Operation of the Group

Hotel Name	Guest Room	Operation Mode
Mandarin Oriental Shenzhen	178 guest rooms	Held for operation
MUJI Hotel	79 guest rooms	Held for operation
Jingju Hotel in Shenzhen Women and Children Tower	194 guest rooms	Held for operation
Holiday Inn Resort Chaohu Hot Spring	203 guest rooms	Held for operation
Chaohu Royal Spring Garden Hot Spring Hotel	20 villas and 7 onsen suites	Held for operation
Suzhou Marriott Hotel	300 guest rooms	Held for operation
Wuyishan Jingju Resort Hotel (武夷山憬居度假酒店)	150 guest rooms	Entrusted for management
Kashi Shum Yip Radisson Hotel (喀什深業麗筀酒店)	261 guest rooms	Entrusted for management

Hotels Under Construction or Planning of the Group

Hotel Name	Guest Room	Project Phase
Marriott Luxury Collection Hotel (萬豪豪華精選酒店)	173 guest rooms	Under construction
Marriott AC Hotel (萬豪AC酒店)	207 guest rooms	Under construction
Zhongshan InterContinental Hotel (中山洲際酒店)	135 guest rooms	Under construction
Zhongshan EVEN Hotel (中山逸衡酒店)	225 guest rooms	Under construction
Somerset Chengdu (成都盛捷服務式公寓)	152 guest rooms	Under construction
Citadines Chengdu (成都馨樂庭服務式公寓)	228 guest rooms	Under construction
Shanghai Jiading Hotel (上海嘉定酒店)	204 guest rooms	Under planning

3. Progress of Urban Integrated Operations Business

(1) Overview of urban integrated operations business and brand accolades

Throughout 2025, the Group recorded an income from urban integrated operations business of approximately HK$3.242 billion, basically the same as compared to last year, with a gross profit margin of approximately 14.5%. Leveraging exceptional service quality and leading comprehensive capabilities, the Group had received recognitions from authoritative industry bodies for times.

In terms of commercial operations sector, Shum Yip Commercial Management of the Group continues to expand its industry influence, securing multiple awards including "Annual Excellence List for New-Quality Commercial Management Companies"（年度新質運營商管公司卓越榜）by the Mall China, "Top 100 Retail Commercial Property Enterprises by Comprehensive Strength" by the Winshang(贏商網), and the Golden Tripod Awards for "Outstanding Urban Commercial Operator"（卓越城市商業運營商）. It also ranks among the "Commercial Property Service Power Enterprises Top 5"（商業物業服務力TOP5）. The flagship project "UpperHills" delivered outstanding performance, securing both the "2025 Top 50 Shopping Centers for Comprehensive Excellence"（2025購物中心綜合實力卓越表現50）and "Annual Premier Economic Vitality Shopping Center"（年度首發經濟活力購物中心）accolades. Furthermore, it was honoured as the "Annual Benchmark Commercial Complex for Service Power"（年度服務力商業綜合體標杆項目）, further cementing the Group's brand moat within the commercial property sector. In terms of Property management and urban services sector, "Shum Yip Operations" of the Group was ranked 7th in the "Top China's State-Owned Property Management Companies by Comprehensive Strength"（中國國有物業企業綜合實力）, "Top China's Property Management Companies by Comprehensive Strength 2025 (No. 19)"（2025中國物業服務企業綜合實力第19名）by CRIC Property Management and 15th in the "Guangdong-Hong Kong-Macao Greater Bay Area Property Service Power Top 100 Enterprises"（粵港澳大灣區物業服務力百強）(ranking first among Shenzhen municipal-level state-owned enterprises) during the year. The Group also actively expanded new smart management and maintenance scenarios, it leveraged its innovative "human-machine collaboration" practices in environmental sanitation project for Dongmen Street to secure the Application Innovation Award at the "2025 Shenzhen International Artificial Intelligence Environmental Sanitation Robot Competition"（2025深圳國際人工智能環衛機器人大賽）, demonstrating its technology-enabled advantages.

(2) Commercial Operations and Expansion Status

The Group's commercial operations segment demonstrated robust momentum. The flagship project, UpperHills, maintained its position in the first tier of Shenzhen's commercial sector. Within the mall, 75 brands achieving annual sales exceeding RMB10 million, including 8 shops surpassing RMB100 million. In the technology and 3C category, sales of multiple high-end products ranked among the top three nationally or in Shenzhen. During the year, a total of 215 new brands opened across commercial projects, resulting in a leading level in brand adjustment rate among integrated complexes in Shenzhen.

In terms of traffic conversion, the Group deepened IP-driven commercial empowerment, and successfully hosted phenomenal events during the year, including the Spartan Race, the Flower Show, and the Shenzhen International Bread Festival. Among these, the Flower Show set a record of 320,000 visitors in a single day and was featured on CCTV's "Xinwen Lianbo". During events and exhibitions, optimisation of circulation routes such as the sky corridor successfully achieved conversion of over 60% of park visitors into commercial traffic.

In terms of model innovation, the Group introduced Shenzhen's first in-town duty-free store, pioneering a diversified model integrating "duty-free, tax-refund, and taxable" services, while creating a differentiated "technology-enabled duty-free" track. Since opening, this duty-free store has ranked first in sales among all newly established comparable stores nationwide, with sales per square meter surging 97%. Huangmugang Metro Hub (UpperLink) achieved 100% occupancy on schedule and was awarded the "Annual Outstanding Innovative Non-Standard Commercial Project" (年度傑出創新非標商業項目). The Shenzhen Capital Plaza, fully operated by the Group, successfully opened with full occupancy in just 7 months, further demonstrating the Group's outstanding capabilities in investment planning and comprehensive operation. The Group had achieved a historic breakthrough for the external expansion of its commercial operations. During the year, it successfully won the bid for the commercial project at China Merchants Bank Global Headquarters Building, and signed technical service agreements for multiple high-end serviced apartment. The Group has won the bid for the Huafu Village Project in partnership with a district-level state-owned enterprise. This project will be the first landing project under "ShumYip Shiji" (深業拾集), the ShumYip's commercial product line, representing a steady expansion in market presence and industry influence of the Group's light-asset businesses.

(3) Property Operations and Expansion

In 2025, the Group's property operations segment recorded an additional increase in managed area of 11.5276 million square meters, with total newly added contract value of RMB818 million. The managed area surpassed 101 million square meters, with independent third-party projects accounting for approximately 77.2%, and non-residential formats accounting for approximately 67.2%, both indicators exceeding industry averages, demonstrating continued strength in market-oriented expansion. The Group sustained its efforts in external expansion across core formats including property-managed cities and public infrastructure properties, achieving notable breakthroughs through multi-channel deployment. In the urban services sector, the Group successfully secured the integrated environmental sanitation projects for Dongmen Street and Sungang Street in Shenzhen, the "Property Management Urban" project for Zhengpugang New District in Ma'anshan City, and the comprehensive maintenance project for Shenzhen Central Park. In the public infrastructure and subsidised housing sectors, it successively won multiple subsidised housing property management projects for Longhua District in Shenzhen, and smoothly secured quality contracts including the Longhua District People's Court, Industrial Bank Quanzhou Branch, and Zhengyang County Government Affairs Center. In terms of professional service expansion, the Group actively extended its business boundaries, and successfully won bids for the mechanical and electrical services of The University of Hong Kong-Shenzhen Hospital and the greening maintenance project of a large central state-owned enterprise, achieving a historic breakthrough in the medical logistics and professional greening tracks. Benefiting from the successful renewal of the Anhui Zhengpu Port project and the expansion of multiple street projects in Shenzhen's Luohu District, the Group's regional expertise advantages and national strategic deployment were further consolidated.

(III) Other Business

1. Advanced Manufacturing Business

For the full year of 2025, revenue from manufacturing business of the Group amounted to approximately RMB451 million (equivalent to approximately HK$492 million). The manufacturing business of the Group is mainly operated by its subsidiary Shenzhen Jinghua Displays Electronics Co., Ltd. ("Jinghua Company"). In order to promote the transformation towards a real estate asset management and comprehensive operation service provider, the Group transferred its 70% equity interest in Jinghua Company to Shahe Gufen, by way of cash transaction on 6 February 2026. The business of Jinghua Company has a low correlation with the core business of the Group, and this transfer is conducive to divesting non-core assets and applying the transaction proceeds for the daily operation of the Group, accelerating the construction of core asset management and operational capabilities. Following the completion of the transaction, Jinghua Company is no longer included in the scope of consolidation of the Group's consolidated financial statements.

2. Modern Agriculture Business

In 2025, revenue from agriculture operation of the Group (included under other segments) was approximately HK$440 million. Modern agriculture achieved significant breakthroughs: Innovative cultivation models have substantially enhanced operational efficiency; the Group expanded its hog supply chain and achieved a milestone with its first export of frozen pork to Hong Kong, marking a "zero breakthrough"（零突破）in agricultural product exports. Agricultural tourism achieved remarkable development: The four-season series matrix of "3 Countryside + 2 Flower Wonderland"（「3田園+2花谷」）took shape, with annual revenue exceeding HK$10 million and over 250,000 visitors. Multiple projects won provincial and municipal-level honors. Pet economy seized the initiative: The Group established a full industry chain covering pet "testing – medical care – pharmaceuticals", becoming the first CNAS-accredited third-party animal disease testing institution in Shenzhen, and expanded its gene sequencing business.

III. FINANCIAL MANAGEMENT

(I) Capital, Debt and Liquidity

The Group optimized its capital and debt structure through various means, reducing its interest-bearing debts by HK$6.934 billion. As at 31 December 2025, the Group had net assets, excluding non-controlling interests, of HK$35.641 billion (31 December 2024: HK$38.550 billion). The cash balance was HK$8.304 billion (including restricted cash). The asset-liability ratio, excluding advance receipts, was 67.4%, and the net gearing ratio (net debt excluding interest-bearing loans from related parties divided by equity attributable to owners of the Company) was 82.7%. Our cash flow situation was apparently improved, supported by the net cash inflow from operating activities in 2025 of approximately HK$8.821 billion (net cash outflow of approximately HK$1.836 billion in the same period of 2024).

(II) Financing

The Group successfully arranged the replacement of a syndicated loan of HK$4 billion to secure funding. As at 31 December 2025, the Group's total bank and other borrowings amounted to HK$37.770 billion (31 December 2024: HK$37.365 billion). Floating rate loans and fixed-rate loans accounted for 66.7% and 33.3%, respectively; long-term loans and short-term loans accounted for 68.9% and 31.1%, respectively; borrowings denominated in Hong Kong dollars and Renminbi accounted for 36.9% and 63.1%, respectively. With the floating interest rate of Hong Kong dollar declined, the average comprehensive interest rate of the Group's bank and other borrowings decreased by 0.5 percentage point to an annual rate of 3.47% as compared to that of last year.

Key Financial Indicators

Indicators	**31 December 2025** *(HK$100 million)*	31 December 2024 *(HK$100 million)*
Bank and other borrowings	**377.70**	373.65
– Long-term borrowings	**260.29**	228.04
– Short-term borrowings	**117.41**	145.61
Cash (including restricted cash)	**83.04**	118.00
Net gearing ratio	**82.7%**	66.3%

(III) Effect of Exchange Rate Fluctuation

The Group's assets are mainly denominated in Renminbi, while Hong Kong dollar is adopted as the reporting currency in the Group's financial statements. The effect of the increase in RMB exchange rate on the Group's finance was mainly reflected in the appreciation of the asset and earnings denominated in Renminbi against Hong Kong dollar, the reporting currency. During the period, such fluctuations in the asset and earnings denominated in Renminbi against Hong Kong dollar, the reporting currency, of HK$1,610 million were included in other comprehensive income.

IV. PERFORMANCE OF MAJOR JOINT VENTURES AND ASSOCIATES

In 2025, the performance of the Group's associates and joint ventures varied. However, due to the impact of the real estate industry recession, the results of the Group's major joint ventures and associates recorded weak performance, and the impairment and losses of joint ventures and associates led to a reduction of the Group's net profit with a total amount of RMB2.154 billion. Among them, Taizhou Shum Yip Investment Development Limited (a 51% owned company of the Group) contributed profit of approximately HK$8.2740 million to the Group. Tian An Cyber Park (Group) Co., Ltd (a 37.5% owned company of the Group) contributed profit of approximately HK$56.0349 million to the Group. Shum King Company Limited (a 50% owned company of the Group) contributed loss of approximately HK$219 million to the Group. Road King Infrastructure Limited (1098.HK) (a 27% owned company of the Group) contributed loss (including impairment losses) of approximately HK$1,865 million to the Group. The remaining carrying amount of the Group's interest in Road King Infrastructure amounted to approximately HK$133 million has fairly reflected its market value. Subsequently, the results of Road King Infrastructure will not have a significant negative impact on the Group's performance.

V. OTHERS

(I) Pledge of Assets and Provision for Contingent Liabilities

As at 31 December 2025, the Group had total loans of HK$8.69 billion (31 December 2024: HK$8.34 billion) that were pledged with assets.

As at 31 December 2025, the Group has given guarantees amounted to HK$14.07 billion in aggregate in respect of bank and other borrowings.

(II) Progress of the Litigation Involving Shum Yip Terra Company

On 29 November 2024, Chengdu Fengze Investment Co., Ltd (成都豐澤投資有限公司) ("Chengdu Fengze") and Shum Yip Terra (Holdings) Company Limited (深業泰然(集團)股份有限公司) ("Shum Yip Terra Company", together with Chengdu Fengze, the "Subsidiaries"), both being non-wholly-owned subsidiaries of the Company, received a statement of claim (民事起訴狀) from the Intermediate People's Court of Chengdu City (成都市中級人民法院) regarding the claims by Sichuan Haofu Industrial Co., Ltd. (四川浩福實業有限公司) (the "Claimant") against the Subsidiaries and four individuals (all of the individuals are not directors or senior management of the Company) regarding the disputes in earnings distribution over the investment of "198" Congshu Area ("198"叢樹片區) in Chenghua district, Chengdu, the People's Republic of China (the "Litigation"), with an amount of the claim of approximately RMB220 million. The Subsidiaries have engaged legal advisers to handle the Litigation, and will rigorously defend the Litigation to protect its legitimate interest. The first trial of the case commenced on 24 December 2024 and is now in progress. As the Litigation is still at an early stage, it is difficult to predict the final outcome of the Litigation with certainty and the Company is still assessing the financial impact of the Litigation on the Group.

(III) Employees and Remuneration Policy

As at 31 December 2025, the Group employed 18,443 employees of whom 17 were stationed in Hong Kong (mainly managerial and finance related personnel), and the rest were in Chinese Mainland. The total remuneration for the year ended 31 December 2025 (excluding remuneration of the directors) amounted to approximately RMB2.878 billion.

The benefits and bonuses of the Group's employees are determined based on their individual performance, the Group's profit condition, benefit level of the industry and the current market condition. The remuneration packages are reviewed on an annual basis to ensure internal equity and its competitiveness in the market. To drive performance, we also grant share options, under the share option scheme of the Group, to employees based on individual performance and the results of the Group.

DIVIDEND

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

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Thursday, 18 June 2026. Notice of the Annual General Meeting will be published and issued to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the shareholders' entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Friday, 12 June 2026 to Thursday, 18 June 2026, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 11 June 2026.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with all code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year 2025 except for the deviation of code provision C.2.1 of the CG Code as expressly stated below.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the year ended 31 December 2025, Mr. WANG Yuwen ("Mr. WANG") continued to act as the President of the Company after he assumed the role of the Chairman of the Board on 29 April 2025, which deviates from the above code provision C.2.1. However, such arrangement is temporary in nature and the Company is in the process of identifying a suitable candidate with appropriate experience as its President. The Board considers that Mr. WANG has extensive experience and knowledge in management and is familiar with the business operations of the Company. Having Mr. WANG as the Chairman of the Board and President before a new President takes office can ensure the stability of the Company's operations and facilitate the execution of the Company's business strategies. Under the supervision of other existing members of the Board, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors namely Mr. LI Wai Keung, Dr. WONG Yau Kar, David and Prof. GONG Peng. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters including the 2025 final results.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

APPRECIATION

We take this opportunity to express our gratitude to our investors and shareholders for their trust and support and to thank our colleagues on the Board and the staff members of the Group for their hard work, loyal service and contributions during the year.

By Order of the Board
SHENZHEN INVESTMENT LIMITED
WANG Yuwen
Chairman

Hong Kong, 30 March 2026

As at the date of this announcement, the Board comprises 7 directors, of which Mr. WANG Yuwen, Ms. CAI Xun, Mr. YAN Zhongyu and Dr. XIANG Dong are the executive directors of the Company and Mr. LI Wai Keung, Dr. WONG Yau Kar, David and Prof. GONG Peng are the independent non-executive directors of the Company.