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Xinming China Holdings Limited

新明中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2699)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

ANNUAL RESULTS HIGHLIGHTS

- Revenue of the Group amounted to approximately RMB109.5 million, representing an increase of approximately 26.0% as compared with last year.
- Gross profit of the Group amounted to approximately RMB5.0 million, representing a decrease of approximately 76.1% as compared with last year.
- Loss attributable to the owners of the Company was approximately RMB219.0 million, representing a decrease of approximately 59.6% as compared with last year (2024: approximately RMB542.5 million).
- Basic loss per share attributable to owners of the Company was approximately RMB4.139, representing a decrease of approximately 82.3% as compared with last year (2024 (restated): approximately RMB23.378).
- The Board did not recommend the payment of final dividend for the year ended 31 December 2025.

FINAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Xinming China Holdings Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the financial year ended 31 December 2025 (“**Year under Review**”) which was prepared in accordance with relevant requirements under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), together with comparative figures for the corresponding period in 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	4	109,462	86,843
Cost of sales		<u>(104,515)</u>	<u>(66,176)</u>
Gross profit		4,947	20,667
Other income and gains and losses	5	13,873	21
Selling and distribution costs		(5,656)	(3,577)
Administrative expenses		(11,093)	(19,821)
Other expenses		(143,036)	(473,844)
Loss on court-ordered sale of completed properties held for sale	6	–	(3,319)
Changes in fair value of investment properties	10	21,870	(12,270)
Changes in fair value of convertible bonds	15	–	(9,463)
Finance costs	6	<u>(97,680)</u>	<u>(96,663)</u>
Loss before income tax	6	(216,775)	(598,269)
Income tax (expenses) credit	7	<u>(22,565)</u>	<u>8,578</u>
Loss for the year		<u>(239,340)</u>	<u>(589,691)</u>
Other comprehensive income (expense) item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operation		<u>128</u>	<u>(57)</u>
Total comprehensive expense for the year		<u>(239,212)</u>	<u>(589,748)</u>
Loss for the year attributable to:			
Owners of the Company		(219,027)	(542,523)
Non-controlling interests		<u>(20,313)</u>	<u>(47,168)</u>
		<u>(239,340)</u>	<u>(589,691)</u>
Total comprehensive expense for the year attributable to:			
Owners of the Company		(218,899)	(542,580)
Non-controlling interests		<u>(20,313)</u>	<u>(47,168)</u>
		<u>(239,212)</u>	<u>(589,748)</u>
			(Restated)
Loss per share attributable to owners of the Company	9		
Basic and Diluted (RMB)		<u>(4.139)</u>	<u>(23.378)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		663	668
Investment properties	10	927,800	905,930
Deferred tax assets		217,127	227,863
		<u>1,145,590</u>	<u>1,134,461</u>
Current assets			
Properties under development		341,000	402,000
Completed properties held for sale		580,112	557,470
Trade receivables	11	61,343	3,201
Prepayments, other receivables and other assets	12	60,423	45,505
Restricted deposits		401	1,412
Cash and cash equivalents		6,977	662
		<u>1,050,256</u>	<u>1,010,250</u>
Current liabilities			
Trade payables	13	221,252	459,566
Other payables and accruals		2,927,148	2,487,619
Contract liabilities		178,741	171,213
Interest-bearing bank and other borrowings	14	1,222,629	1,212,708
Tax payable		906,904	905,002
Convertible bonds	15	269,983	282,125
		<u>5,726,657</u>	<u>5,518,233</u>
Net current liabilities		<u>(4,676,401)</u>	<u>(4,507,983)</u>
Total assets less current liabilities		<u>(3,530,811)</u>	<u>(3,373,522)</u>
Non-current liabilities			
Deferred tax liabilities		185,550	175,742
NET LIABILITIES		<u>(3,716,361)</u>	<u>(3,549,264)</u>

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
EQUITY		
Issued capital	836	14,880
Reserves	<u>(3,392,086)</u>	<u>(3,259,346)</u>
	(3,391,250)	(3,244,466)
Non-controlling interests	<u>(325,111)</u>	<u>(304,798)</u>
TOTAL DEFICIT	<u><u>(3,716,361)</u></u>	<u><u>(3,549,264)</u></u>

NOTES

1. GENERAL INFORMATION

Xinming China Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 16 January 2014 as an exempted company with limited liability under the Companies Law, Chapter 22 of the Cayman Islands. In the opinion of the directors of the Company, the ultimate holding company is Xinxing Company Limited and the ultimate controlling shareholder is Mr. Chen Chengshou (the “Controlling Shareholder”). The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the Company’s registered office is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in investment holding, properties development and properties leasing.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Going concern

The Group incurred a net loss of approximately RMB239,340,000 for the year ended 31 December 2025. At 31 December 2025, the Group’s current liabilities exceeded its current assets by approximately RMB4,676,401,000.

At 31 December 2025, the Group’s borrowings of approximately RMB1,213,499,000 and convertible bonds of approximately RMB269,983,000 were overdue pursuant to the relevant borrowing agreements.

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

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

- (i) Continuously negotiating with various financial institutions on the renewal of or extension for repayment of outstanding borrowings, including those with overdue principals and interests. The Management has been continuously negotiating with the Group's existing lenders on the renewal of or extension for repayment of outstanding borrowings such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings with interest payments in default, including those with cross-default terms and hope to extend the due date and the repayment schedules of the outstanding borrowings.
- (ii) Continuously negotiating with various financial institutions and potential lenders/ investors to identify various opportunities for additionally financing the Group's working capital and commitments in the foreseeable future.
- (iii) Accelerating the pre-sale and sale of properties under development and completed properties, such as Shandong Project and controlling costs and containing capital expenditure so as to generate adequate net cash inflows for the Group. As at the date of this announcement, the construction of Block 9 and 16 of phase 4 of the Shandong Project was completed as planned and the said blocks were delivered since September 2025.
- (iv) Actively procuring and formulating the preliminary terms with large property developer to sell individual property development project or whole commercial property at an appropriate price. The Management is still identifying and negotiating terms with new investors to participate in investing Shanghai and Taizhou's renovation works in order to increase its underlying value and to accelerate the sale of commercial properties more rapidly and effectively. The Management estimated that most of the net proceeds from the Shanghai Project will be used for the repayment of the outstanding borrowing. The sale of the Shanghai Project might constitute a transaction of the Company subject to announcement pursuant to Chapter 14 of the Listing Rules and subject to the relevant requirements under the Listing Rules.
- (v) Actively accelerate the de-stocking of its properties. The Company intends to sell the residential property in Shandong and the whole or portion of commercial properties in Taizhou, Hangzhou and Shanghai as a package, with a view to accelerating the recovery of working capital to improve its liability and financial gearing conditions.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2024 consolidated financial statements except for the adoption of the following new/revised IFRSs that are relevant to the Group's operation and effective from the current year.

Adoption of new/revised IFRSs

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

Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments²</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referring Nature dependent Electricity²</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture¹</i>
Amendments to IFRS Accounting Standards	<i>Annual Improvements to HKFRS Accounting Standards – Volume 11²</i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
Amendments to IAS21	<i>Translation to a Hyperinflationary Presentation Currency¹</i>

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

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

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

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

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The directors of the Company anticipate that the application of IFRS 18 will affect the structure and presentation of the consolidated statement of profit or loss and disclosures in future consolidated financial statements, but will have no material impact on the financial position and performance of the Group given it will not impact the recognition or measurement of items in the consolidated financial statements.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) the properties development segment engages in the development and sale of properties;
- (b) the properties leasing segment engages in leasing out properties for their rental income potential and/or for capital appreciation; and
- (c) the others segment engages in investment holding.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profits or loss, which is a measure of adjusted profit or loss before income tax.

No analysis of the Group's assets and liabilities by operating segment is disclosed as it is not regularly provided to the chief operating decision-maker for review.

Intersegment sales and transfers (if any) are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2025

	Property development RMB'000	Property leasing RMB'000	Others RMB'000	Consolidated RMB'000
Segment revenue				
Sales to external customers	<u>108,515</u>	<u>947</u>	<u>–</u>	<u>109,462</u>
Segment results	<u>(116,394)</u>	<u>(92,553)</u>	<u>(7,828)</u>	<u>(216,775)</u>
Loss before income tax				<u>(216,775)</u>
Other segment information				
Bank interest income	(5)	–	–	(5)
Changes in fair value of investment properties	–	(21,870)	–	(21,870)
Depreciation of property, plant and equipment	8	–	–	8
Finance costs	96,271	–	1,409	97,680
Reversal of impairment on completed properties held for sale	(14,121)	–	–	(14,121)
Reversal of impairment on properties under development	(47,632)	–	–	(47,632)
Impairment of trade receivables, net	3,906	–	–	3,906
Impairment of (reversal of impairment) financial assets included in prepayments, other receivables and other assets, net	1,444	(6)	10,461	11,899
Interest penalties	<u>144,172</u>	<u>–</u>	<u>78,076</u>	<u>222,248</u>

Year ended 31 December 2024

	Property development <i>RMB'000</i>	Property leasing <i>RMB'000</i>	Others <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Segment revenue				
Sales to external customers	<u>85,371</u>	<u>1,472</u>	<u>–</u>	<u>86,843</u>
Segment results				
	<u>(335,157)</u>	<u>(142,458)</u>	<u>(120,654)</u>	<u>(598,269)</u>
Loss before income tax				<u>(598,269)</u>
Other segment information				
Bank interest income	(6)	–	–	(6)
Changes in fair value of investment properties	–	12,270	–	12,270
Changes in fair value of convertible bonds	–	–	9,463	9,463
Depreciation of property, plant and equipment	9	4	–	13
Finance costs	96,663	–	–	96,663
Impairment of completed properties held for sale	7,050	–	–	7,050
Impairment of properties under development	5,699	–	–	5,699
Impairment of trade receivables, net	8,273	–	–	8,273
Impairment of financial assets included in prepayments, other receivables and other assets, net	18,567	–	–	18,567
Interest penalties	<u>303,625</u>	<u>–</u>	<u>62,583</u>	<u>366,208</u>

Geographical information

Since the Group solely operates business in the PRC and almost all of the Group's non-current assets are located in the PRC, geographical segment information in accordance with IFRS 8 Operating Segments is not presented.

Information about major customers

Revenue from each of the major customer, which amounted to 10% or more of the total revenue is set out below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Customer A	28,893*	N/A [#]
Customer B	<u>22,289*</u>	<u>N/A[#]</u>

* Revenue from property development.

[#] Revenue from the customer is less than 10% of the Group's total revenue in the respective year.

4. REVENUE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers within IFRS 15		
Sales of properties	108,515	85,371
Revenue from other sources		
Gross rental income from investment property operating leases		
– other lease payments, including fixed payments	<u>947</u>	<u>1,472</u>
	<u>109,462</u>	<u>86,843</u>

(a) Disaggregated revenue information

In addition to the information shown in segment disclosures, the revenue from contracts with customers within IFRS 15 is disaggregated as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<i>Geographical region:</i>		
– The PRC	<u>108,515</u>	<u>85,371</u>
<i>Timing of revenue recognition:</i>		
– at a point in time	<u>108,515</u>	<u>85,371</u>
<i>Type of transaction price:</i>		
– fixed price	<u>108,515</u>	<u>85,371</u>

The amount of revenue recognised for the year ended 31 December 2025 that was included in the contract liabilities at the beginning of the year is approximately RMB4,856,000 (2024: RMB77,801,000).

(b) Performance obligations

Information about the Group's performance obligations in respect of sales of properties is summarised below:

The performance obligation is satisfied when customers obtain the physical possession or the legal title of the completed properties and the Group has right to payment and the collection of the consideration is probable.

5. OTHER INCOME AND GAINS AND LOSSES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other income		
Bank interest income	5	6
Government grants	1	5
Waiver of customers' deposits	2,367	–
Waiver of the interest penalties (<i>note 15</i>)	12,599	–
	<u>14,972</u>	<u>11</u>
Gains and losses		
Exchange losses, net	(1,099)	–
Other gain, net	–	10
	<u>(1,099)</u>	<u>10</u>
	<u>13,873</u>	<u>21</u>

6. LOSS BEFORE INCOME TAX

This is stated after charging (crediting):

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Finance costs		
Interest on interest-bearing bank and other borrowings	<u>115,041</u>	<u>114,071</u>
Total interest expenses	115,041	114,071
Less: Interest capitalised	<u>(17,361)</u>	<u>(17,408)</u>
Total finance costs	<u>97,680</u>	<u>96,663</u>

This is stated after charging (crediting):

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Staff costs (excluding directors' emoluments)		
Salaries, allowances and benefits-in-kind	6,022	6,918
Contribution to defined contribution plans	937	1,656
	<u>6,959</u>	<u>8,574</u>
Other items		
Auditor's remuneration		
– Audit services	1,080	1,692
Cost of properties sold	104,094	65,534
Cost of leasing properties	421	642
Depreciation of property, plant and equipment	8	13
Impairment of financial assets, net (included in "other expenses")		
– Impairment of trade receivables, net	3,906	8,273
– Impairment of financial assets included in prepayments, other receivables and other assets, net	11,899	18,567
	15,805	26,840
Loss on court-ordered sale of completed properties held for sale (Note)	–	3,319
(Reversal of impairment) impairment on properties under development (included in "other expenses")	(47,632)	5,699
(Reversal of impairment) impairment on completed properties held for sale (included in "other expenses")	(14,121)	7,050
Interest penalties (included in "other expenses")	222,248	366,208
Lease payments not included in the measurement of lease liabilities	–	257
	<u>–</u>	<u>257</u>

Note: During the year ended 31 December 2024, an auction in respect of certain completed properties held for sale of Taizhou Xinming has taken place and the said completed properties held for sale had been sold in the said auction for an amount of RMB2,114,000 which is same as the aggregate reserve price and accordingly the loss on court-ordered sale of approximately RMB3,319,000 was charged to profit or loss for the year ended 31 December 2024.

7. INCOME TAX CREDIT (EXPENSES)

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
PRC Enterprise Income Tax – current year	–	–
Land appreciation tax (“LAT”)	<u>2,021</u>	<u>1,772</u>
	2,021	1,772
Deferred tax		
Origination and reversal of temporary differences	<u>20,544</u>	<u>(10,350)</u>
Total income tax expense (credit) for the year	<u>22,565</u>	<u>(8,578)</u>

The Group is subject to income tax on an entity based on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operated. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group’s entities incorporated in the Cayman Islands and the BVI are not subject to any income tax.

The Group’s subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable income arising in Hong Kong during the year ended 31 December 2024 and 2025.

The Group’s entities established in the PRC are subject to PRC Enterprise Income Tax at a statutory rate of 25% the years ended 31 December 2024 and 2025.

Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

According to the requirements of the Provisional Regulations of the PRC on LAT effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all income from the sale or transfer of state-owned leasehold interest on land, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has estimated and made tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

8. DIVIDENDS

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

9. LOSS PER SHARE

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss:		
Loss attributable to owners of the Company, used in basic and diluted loss per share calculation	<u>(219,027)</u>	<u>(542,523)</u>
		(Restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and dilutive loss per share	<u>52,919,270</u>	<u>23,206,506</u>

Diluted loss per share is same as basic loss per share as there were no potential ordinary shares outstanding during the year ended 31 December 2024 and 2025.

10. INVESTMENT PROPERTIES

RMB'000

Fair value

At 1 January 2024	918,200
Changes in fair value	<u>(12,270)</u>
At 31 December 2024 and 1 January 2025	905,930
Changes in fair value	<u>21,870</u>
At 31 December 2025	<u>927,800</u>

The Group's investment properties consist of commercial properties completed in the PRC. The Group's investment properties were revalued on 31 December 2025 based on valuations performed by independent professionally qualified valuers at approximately RMB927,800,000 (2024: RMB905,930,000). For each financial reporting period, the Group's senior management may decide, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior management have discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for annual financial reporting.

At 31 December 2025, the Group's investment properties with aggregate values of approximately RMB859,974,000 (2024: RMB792,847,000) were pledged to secure interest-bearing bank and other borrowings granted to the Group (Note 14).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Level 1	Level 2	Level 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Recurring fair value measurement for commercial properties:				
At 31 December 2025	<u>–</u>	<u>–</u>	<u>927,800</u>	<u>927,800</u>
At 31 December 2024	<u>–</u>	<u>–</u>	<u>905,930</u>	<u>905,930</u>

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Set out below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Valuation techniques	Significant unobservable inputs	Range	
		2025	2024
Direct comparable method	Unit rate per gross floor area <i>(RMB per square meter)</i>	4,000-15,000	5,000-8,000

A significant increase (decrease) in the estimated unit rate per gross floor area would result in a significant increase (decrease) in the fair value of the investment properties.

11. TRADE RECEIVABLES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	73,522	11,474
Less: Allowance for impairment	<u>(12,179)</u>	<u>(8,273)</u>
	<u>61,343</u>	<u>3,201</u>

Trade receivables represent rentals receivable from tenants which are normally payable on demand and sales income receivables from customers which are payable in accordance with the terms of the related sales and purchase agreements. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. 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.

Trade receivables are unsecured and non-interest-bearing.

An ageing analysis of the trade receivables at the end of the reporting period, based on the invoice date, and net of loss allowance, is as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	<u>61,343</u>	<u>3,201</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the reporting period	8,273	27,308
Increase in allowance, net	3,906	8,273
Written off	<u>–</u>	<u>(27,308)</u>
At the end of the reporting period	<u>12,179</u>	<u>8,273</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

At 31 December 2025	Expected credit loss rate %	Gross carrying amount <i>RMB'000</i>	Expected credit losses <i>RMB'000</i>
Past due			
Within 1 year	1.14	62,048	705
More than 1 year	100.00	<u>11,474</u>	<u>11,474</u>
		<u>73,522</u>	<u>12,179</u>
At 31 December 2024	Expected credit loss rate %	Gross carrying amount <i>RMB'000</i>	Expected credit losses <i>RMB'000</i>
Past due			
Within 1 year	72.10	<u>11,474</u>	<u>8,273</u>

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Prepayments	2,636	2,397
Other tax recoverable	2,123	2,123
Deposits and other receivables	174,646	174,186
Others	2,320	–
	<u>181,725</u>	<u>178,706</u>
Less: Allowance for impairment	<u>(121,302)</u>	<u>(133,201)</u>
	<u>60,423</u>	<u>45,505</u>

Deposits and other receivables mainly represent deposits with suppliers. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The average loss rate applied for where there were no comparable companies at 31 December 2025 was 66.8% (2024: 76.5%).

The movements in allowance for impairment are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At the beginning of the reporting period	133,201	133,012
Increase in impairment	13	18,567
Written off	<u>(11,912)</u>	<u>(18,378)</u>
At the end of the reporting period	<u>121,302</u>	<u>133,201</u>

13. TRADE PAYABLES

An aging analysis of the outstanding trade payables the end of the reporting period, based on the invoice date, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Less than one year	8,364	16,842
Over one year	<u>212,888</u>	<u>442,724</u>
	<u><u>221,252</u></u>	<u><u>459,566</u></u>

The trade payables are unsecured and non-interest-bearing.

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025			2024		
	Effective interest rate	Maturity	<i>RMB'000</i>	Effective interest rate	Maturity	<i>RMB'000</i>
	%			%		
Current						
Current portion of interest-bearing borrowings	3.00-36.00	On demand or within one year	1,222,629	3.00-15.60	On demand or within one year	1,212,708
			<u>1,222,629</u>			<u>1,212,708</u>

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Analysed into:		
Interest-bearing borrowings repayable within one year	<u><u>1,222,629</u></u>	<u><u>1,212,708</u></u>

At 31 December 2025, the Group's borrowings amounting approximately RMB1,213,499,000 (2024: RMB1,209,000,000) were overdue pursuant to the relevant agreements which constituted events of defaults.

In connection with the default and cross-default (if applicable), the Group was subject to penalties of approximately RMB1,172,267,000 (2024: RMB1,028,095,000) which were included in the other payables and accruals at 31 December 2025.

The Group's borrowings are secured by the pledges of the following assets as at 31 December 2024 and 2025 as follows:

- (i) At 31 December 2025, the Group's borrowings of approximately RMB216,847,000 (2024: RMB216,847,000) were secured by the 100% equity interest in 台州溫商時代置業有限公司 (Taizhou Wenshang Times Property Limited*) ("Wenshang Times"), a subsidiary of the Company.

At 31 December 2025, the Group's borrowings of approximately RMB879,877,000 (2024: RMB879,877,000) were secured by the Group's investment properties with aggregate carrying values of approximately RMB859,974,000 (2024: RMB792,847,000).

- (ii) At 31 December 2025, the Group's borrowings of approximately RMB216,847,000 (2024: RMB216,847,000) were jointly guaranteed by (i) the Controlling Shareholder, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin, (iii) a subsidiary of the Company, and (iv) Xinming Group Limited, a related party of the Group.

At 31 December 2025, the Group's borrowings of approximately RMB532,152,000 (2024: RMB532,152,000) were jointly guaranteed by (i) the Controlling Shareholders, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin, and (iii) a subsidiary of the Company.

At 31 December 2025, the Group's borrowings of approximately RMB460,000,000 (2024: RMB460,000,000) were jointly guaranteed by (i) the Controlling Shareholders, Mr. Chen Chengshou, (ii) the non-executive director, Ms. Gao Qiaoqin, (iii) Xinming Group Limited, a related party of the Group, (iv) Miss Chen Xi and Mr. Chen Junshi, the daughter and the son of the Controlling Shareholder, Mr. Chen Chengshou, and (v) a subsidiary of the Company.

15. CONVERTIBLE BONDS

On 1 June 2018, the Company issued convertible bonds in the aggregate principal amount of HK\$300,000,000 (equivalent to approximately RMB252,604,000) (the "Convertible Bonds") at the price of 100% of their principal amount. The Convertible Bonds were redeemable at the option of the bondholders at a price of HK\$1.39 per bond on 1 June 2020. The convertible bonds bore interest at the rate of 6.5% plus 1% handling fee per annum (the "Coupon Rate") and were payable in arrears every six months.

The convertible bonds were jointly guaranteed by the Controlling Shareholder, Mr. Chen Chengshou, and the non-executive director, Ms. Gao Qiaoqin, pursuant to a deed of guarantee, and secured by Xinxing Company Limited by 940,000,000 shares of the Company held by Xinxing Company Limited, a company controlled by Mr. Chen Chengshou.

The Convertible Bonds were matured on 31 May 2020 and the outstanding principal amount was not yet settled up to 31 December 2025.

As at the date of announcement, interest penalties of approximately HK\$ 70.0 million was repaid utilising the proceeds from the rights issue of the Company and there is waiver of HK\$14.0 million of interest penalties during the reporting period.

	Convertible bonds <i>RMB'000</i>
At 1 January 2024	272,662
Changes in fair value	<u>9,463</u>
At 31 December 2024	282,125
Exchange realignment	<u>(12,142)</u>
At 31 December 2025	<u><u>269,983</u></u>

EXTRACT FROM INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Company’s consolidated financial statements for the year ended 31 December 2025.

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the “Basis for Disclaimer of Opinion” section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Multiple material uncertainties relating to going concern

As set out in note 2 to the consolidated financial statements, the Group incurred a net loss of approximately RMB239,340,000 for the year ended 31 December 2025. At 31 December 2025, the Group’s current liabilities exceeded its current assets by approximately RMB4,676,401,000. In addition, at 31 December 2025, the Group’s borrowings of approximately RMB1,213,499,000 and the convertible bonds issued by the Group amounting approximately RMB269,983,000 were overdue pursuant to the borrowing agreements which constituted events of defaults. These conditions, together with other matters disclosed in note 2 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

The Management has been undertaking measures to improve the Group's liquidity and financial position, which are set out in note 2 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple material uncertainties, including (i) successfully negotiating with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings with interest payments in default; (ii) successfully negotiating with various financial institutions on the renewal of or extension for repayment of outstanding borrowings, including those with overdue principals and interests; (iii) successfully negotiating with various financial institutions and potential lenders/investors to identify various options for additionally financing the Group's working capital and commitments in the foreseeable future; (iv) successfully accelerating the pre-sale and sale of properties under development and completed properties and speeding up the collection of outstanding sales proceeds, and controlling costs and capital expenditure so as to generate adequate net cash inflows; and (v) successfully procuring and negotiating the preliminary terms with large property development enterprises for the sale of individual property development project at a price deemed appropriate.

Accordingly, we were unable to obtain sufficient appropriate audit evidence about the appropriateness of the use of going concern basis of accounting in the preparation of the consolidated financial statements. Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

(including financial review)

INDUSTRY REVIEW AND OPERATION MANAGEMENT

Market Environment and Macroeconomic Conditions

For the Year under Review, the Group operated amidst a complex and volatile PRC real estate environment. Following the significant downward pressure and sluggish market sentiment deeply affected by the aftermath of the pandemic, 2025 was initially anticipated to be a year of recovery. However, recovery remained slower than expected as the supply-demand dynamics continued to restructure and divergences between cities of different tiers intensified.

During this period, despite targeted policy support from the Central Government, such as the “white list” financing mechanism and the “ensuring property delivery” mandate, the overall financing environment remained tightened and market risk appetite stayed cautious. For developers, including the Group, with a strategic focus on second and third-tier cities, liquidity remained the primary challenge and inventory levels remained high and sales cycles were prolonged.

Amidst this real estate environment, the Group’s financial performance for 2025 demonstrated resilience, achieving moderate growth in revenue while loss for the year had been significantly trimmed compared to 2024. By leveraging its established presence in key regions, the Group successfully stabilized its business foundation and maintained operational continuity despite persistent pressure on gross profit margins. Looking ahead to 2026, as the policy effect of “stabilization and recovery” continues to be released, the Group expects a gradual transition towards sustainable development. We remain committed to our asset revitalization strategy, particularly through the optimisation of the Shanghai and Shandong projects, to ensure a systematic recovery of the Group’s credit profile and long-term value.

BUSINESS REVIEW

During the Year under Review, the Group recorded property sales of approximately RMB108.5 million, representing an increase of approximately RMB23.1 million or approximately 27.1% as compared to approximately RMB85.4 million in 2024. It was mainly due to the overall downturn in the PRC property market. In recent years, the real estate industry has witnessed a continuous downturn, and property sales has significantly decreased for a prolonged period. As a result, debt issues emerged for a significant number of real estate companies, leading to a buyer's lack of confidence in properties under construction, further intensifying the difficulties in property sales. This has restricted the delivery progress of existing property projects and the development, promotion and selling of new property projects. Although PRC policymakers had implemented stabilization policies during 2024 and in early 2025, the market environment had yet to recover to reflect the effects of these policies. The Company recorded moderate sales from the Shandong Project; however, average selling price of the properties had decreased during the Year under Review. Further, the sale of newly developed properties in the Shanghai project contributed to the increase in revenue during the Year under Review, but had a lower profit margin due to the higher development costs. Total GFA delivered during the Year under Review was approximately 14,397.7 sq.m., representing approximately 93.2% increase compared to approximately 7,451.3 sq.m. in 2024. Property sales was the major revenue source of the Group, representing approximately 99.1% of the Group's total revenue. In the meantime, many real estate developers aggressively pursued sales by lowering prices and offering promotions, intensifying market competition. In response, the Group proactively adjusted its business strategy, exploring flexible approaches for each project – such as repurposing properties or selling entire developments – to accelerate cash flow. However, these measures did not significantly boost the Group's revenue during the Year under Review.

Loss attributable to the shareholders of the Company amounted to approximately RMB219.0 million, representing a decrease of approximately RMB323.5 million or approximately 59.6% as compared to approximately RMB542.5 million in 2024, mainly attributable to the decrease of other expenses during the Year under Review. Loss per share was approximately RMB4.139 (2024 (restated): approximately RMB23.378).

During the Year under Review, the Board did not recommend payment of a final dividend for the year ended 31 December 2025. As at 31 December 2025, total assets of the Group amounted to approximately RMB2,195.8 million (31 December 2024: approximately RMB2,144.7 million); total liabilities were approximately RMB5,912.2 million (31 December 2024: approximately RMB5,964.0 million); total deficit was approximately RMB3,716.4 million (31 December 2024: approximately RMB3,549.3 million); and net liabilities per share were approximately RMB39.56 (31 December 2024 (restated): approximately RMB37.79).

Property Development

As at 31 December 2025, the Group's property portfolio consisted of 5 property development projects with an aggregate GFA of approximately 364,600 sq.m. developed and under various stages of development in various cities in the PRC.

Property Sales

During the Year under Review, the Group recorded property sales of approximately RMB108.5 million, representing an increase of approximately RMB23.1 million or approximately 27.1% as compared to approximately RMB85.4 million in 2024. Total GFA of property sales delivered during the Year under Review was approximately 14,397.7 sq.m., representing an increase of approximately 6,946.4 sq.m. as compared with 2024 due to the increase in sales activity of the Shangdong Project and the Shanghai Project but at lower selling prices and the sluggish market sentiment resulting in prolonged sales cycles and intensified market competition as real estate developers aggressively pursued sales by lowering prices and offering promotions. In this regard, The Group has undertaken active business realignment measures, assessing all potential project applications including, without limitation, alterations to property usage and property divestments. These actions have not, as at the reporting date, yielded measurable revenue contributions.

Property Leasing

The Group carries out property leasing business through leasing its commercial properties held for investment and leasing the sold commercial properties leased back from third parties by the Group. As at 31 December 2025, the actual area leased out was approximately 8,905.6 sq.m., representing approximately 5.6% of the Group's total investment properties held-for-lease and the sold commercial properties leased back from third parties purchasers.

During the Year under Review, the rental income was approximately RMB0.9 million, representing a decrease of approximately RMB0.5 million or 35.6% as compared to approximately RMB1.5 million in 2024.

LAND RESERVES

As at 31 December 2025, the Group's property portfolio consisted of 5 property development projects located in a number of cities throughout China. These projects were at various stages of development, with total GFA amounting to approximately 364,600 sq.m., of which approximately 263,600 sq.m. was completed, approximately 22,000 sq.m. was under development, and approximately 79,000 sq.m. was held for future development.

PROSPECTS

Looking ahead to 2026, the Group expects a gradual and steady recovery as the effect of government's supportive policies filters through to the broader market, transitioning into a return to normal business operations. The Group will also focus on the objective of carrying out financial restructuring and the proposed rights issue, which will significantly improve the Group's liability and financial gearing position.

The Group will remain cautious yet proactive, by leveraging the Group's established presence in Shandong and the Yangtze River Delta to capture emerging demand. By focusing on the restoration of the Group's credit profile and the successful property sales of the Shanghai Project, the Group aims to transition from a period of financial survival to a stage of sustainable revitalization in 2026.

The Group will actively accelerate its de-stocking of completed properties while exploring feasibility of assets revitalisation, including but not limited to changing of property use and sale of properties in its entirety. Furthermore, the Group will negotiate with different financial institutions in respect of its outstanding borrowings, with a view to improving its liability and financial gearing conditions.

FINANCIAL REVIEW

Revenue

The Group's revenue is primarily generated from property sales and property leasing services, which contributed approximately 99.1% and 0.9%, respectively, to the revenue during the Year under Review of approximately RMB109.5 million. Property sales, the major revenue source of the Group, increased by approximately RMB23.1 million from approximately RMB85.4 million in the same period of last year, mainly represented by the property sales of the Shandong and Shanghai residential projects during the Year Under Review. Property leasing recorded a decrease of approximately RMB0.5 million as compared to approximately RMB1.5 million in the same period of last year.

Cost of sales

During the Year under Review, the Group's cost of sales was approximately RMB104.5 million, representing an increase of approximately RMB38.3 million or 57.9% as compared to approximately RMB66.2 million in the same period of last year. Such increase was primarily attributable to an increase of the delivered properties sales during the Year under Review and an increase in the sales contribution of the Shanghai Project, which has a higher construction costs as compared to the Shandong Project.

Gross profit

During the Year under Review, gross profit amounted to approximately RMB4.9 million, representing a decrease of approximately RMB15.7 million or approximately 76.1% as compared to approximately RMB20.7 million in the same period of last year. The gross profit margin was approximately 4.5%, which decreased as compared to approximately 23.8% last year, which was mainly attributable to an increase in the sales contribution of the Shanghai Project, which has a higher construction costs as compared to the Shandong Project and the lower average selling price of properties sold amid increased competitive pricing amongst property developers.

Other income and gains and losses

Other income and gains and losses during the Year under Review increased by approximately RMB13.9 million to approximately RMB13.9 million as compared to approximately RMB21,000 in the same period of last year, mainly due to the partial waiver of interests by holder of the convertible bonds of the Company during the Year under Review.

Selling and administrative expenses

During the Year under Review, the selling and administrative expenses amounted to approximately RMB16.7 million, representing a decrease of approximately RMB6.6 million or approximately 28.4% as compared to approximately RMB23.4 million in last year, mainly due to a decrease in administrative expenses by approximately RMB8.7 million as compared to the same period of last year through continued streamlining of the Group's cost structure including the manpower of the Group amid the challenging property market environment.

Other expenses

Other expenses during the Year under Review was approximately RMB143.0 million, representing a decrease of approximately RMB330.8 million or approximately 69.8% as compared to approximately RMB473.8 million in the same period of last year, mainly due to (i) decrease in liquidated damages on borrowings; and (ii) reversal of impairment on properties under development and completed properties held for sale. Breakdown of other expenses are set out below:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Liquidated damages on borrowings	188,984	412,709
(Reversal of impairment)/impairment on properties under development and completed properties held for sale	(61,753)	55,861
Impairment losses on financial assets, net	15,805	5,273
Total	<u>143,036</u>	<u>473,843</u>

Change in fair value of investment properties

During the Year under Review, the gain on change in fair value of investment properties amounted to approximately RMB21.9 million, a loss on change in fair value of investment properties of approximately RMB12.3 million was recorded in the same period of last year. The gain on fair value of investment properties reflected the increase in unit rate per gross floor area of the investment properties held by the Group during the Year Under Review.

Finance costs

During the Year under Review, the finance costs amounted to approximately RMB97.7 million, representing an increase of approximately RMB1.0 million or approximately 1.1% as compared to approximately RMB96.7 million in the same period of last year.

Operating loss

During the Year under Review, the operating loss amounted to approximately RMB216.8 million, representing a decrease of loss of approximately RMB381.5 million or approximately 63.8% as compared to the operating loss of approximately RMB598.3 million in the same period of last year which was mainly due to a decrease in other expenses.

Income tax (expenses)/credit

During the Year under Review, the income tax expenses amounted to approximately RMB22.6 million as compared to income tax credit of approximately RMB8.6 million in the same period of last year, mainly due to deferred tax movements.

Loss attributable to the shareholders

During the Year under Review, the loss attributable to the shareholders amounted to approximately RMB219.0 million, representing a decrease of approximately RMB323.5 million or approximately 59.6% as compared to the loss of approximately RMB542.5 million in the same period of last year. The basic loss per share was approximately RMB4.139 (2024 (restated): approximately RMB23.378).

Cash and bank deposits

As at 31 December 2025, cash and bank deposits of the Group, including restricted cash, was approximately RMB7.4 million in aggregate (31 December 2024: approximately RMB2.1 million), representing an increase of approximately RMB5.3 million or approximately 2.6 times.

Borrowings

As at 31 December 2025, the total borrowings of the Group were approximately RMB1,222.6 million, representing an increase of approximately RMB9.9 million or approximately 0.8% as compared to approximately RMB1,212.7 million as at 31 December 2024.

The borrowings on demand and repayable within one year of the Group were approximately RMB1,222.6 million, representing an increase of approximately RMB9.9 million or approximately 0.8% as compared to approximately RMB1,212.7 million as at 31 December 2024.

Trade receivables, prepayments, other receivables and other assets

As at 31 December 2025, the sum of trade receivables, prepayments, other receivables and other assets of the Group was approximately RMB121.8 million, representing an increase of approximately RMB73.1 million or approximately 150.0% as compared to approximately RMB48.7 million as at 31 December 2024, mainly due to an increase in sales income receivables from customers.

Trade payables, contract liabilities and other payables and accruals

As at 31 December 2025, the sum of trade payables, contract liabilities, other payables and accruals of the Group was approximately RMB3,327.1 million, representing an increase of approximately RMB208.7 million or approximately 6.7% as compared to approximately RMB3,118.4 million as at 31 December 2024. The increase was mainly due to an increase in other payables and accruals offset by a decrease in trade payables.

Assets and liabilities

As at 31 December 2025, the total assets of the Group was approximately RMB2,195.8 million, representing an increase of approximately RMB51.1 million as compared to approximately RMB2,144.7 million as at 31 December 2024. The total current assets was approximately RMB1,050.3 million, representing approximately 47.8% (31 December 2024: approximately 47.1%) of the total assets, with an increase of approximately RMB40.0 million as compared to approximately RMB1,010.3 million as at 31 December 2024. The total non-current assets was approximately RMB1,145.6 million, representing approximately 52.2% (31 December 2024: approximately 52.9%) of the total assets, with an increase of approximately RMB11.1 million as compared to approximately RMB1,134.5 million as at 31 December 2024.

As at 31 December 2025, the total liabilities of the Group was approximately RMB5,912.2 million, representing an increase of approximately RMB218.2 million as compared to approximately RMB5,694.0 million as at 31 December 2024. The total current liabilities was approximately RMB5,726.7 million, representing approximately 96.9% (31 December 2024: approximately 96.9%) of the total liabilities, with an increase of approximately RMB208.4 million as compared to approximately RMB5,518.2 million as at 31 December 2024. The total non-current liabilities was approximately RMB185.6 million, representing approximately 3.1% (31 December 2024: approximately 3.1%) of the total liabilities, with an increase of approximately RMB9.8 million as compared to approximately RMB175.7 million as at 31 December 2024.

As at 31 December 2025, the net current liabilities of the Group was approximately RMB4,676.4 million, representing an increase of approximately RMB168.4 million or approximately 3.7% as compared to the net current liabilities of approximately RMB4,508.0 million as at 31 December 2024.

Current ratio

As at 31 December 2025, the current ratio of the Group, being the ratio of the current assets divided by the current liabilities, was 0.18:1 (31 December 2024: 0.18:1).

Gearing ratio

As at 31 December 2025, the gearing ratio of the Group was calculated based on net debt divided by the sum of total equity and net debt. The Group's net debt consists of interest-bearing bank and other borrowings and convertible bonds, less cash and cash equivalents. Total equity includes equity attributable to owners of the parent and non-controlling interests. The gearing ratio of the Group was (62.0)% (31 December 2024: (72.7)%).

Convertible bonds

On 1 June 2018, the Company issued convertible bonds in the aggregate principal amount of HK\$300,000,000 (the “**Convertible Bonds**” or “**CB**”) at the price of 100% of their principal amount. The Convertible Bonds were redeemable at the option of the bondholders at a price of HK\$1.39 per bond on 1 June 2020. The convertible bonds bore interest at the rate of 6.5% plus 1% handling fee per annum (the “**Coupon Rate**”) and were payable in arrears every six months. The convertible bonds were jointly guaranteed by the Controlling Shareholder, Mr. Chen Chengshou, and a former non-executive Director, Ms. Gao Qiaoqin, pursuant to a deed of guarantee, and secured by Xinxing Company Limited by 940,000,000 shares of the Company held by Xinxing Company Limited, a company controlled by Mr. Chen Chengshou, of which the aforesaid shares was completely sold and transferred to Share Purchasers on 16 January 2025.

On 16 January 2025, the Company was informed by Chance Talent (“**CB Sellers**”) that on 15 January 2025, Advance Day and CB Sellers transferred the convertible bonds, free from all encumbrances, together with all rights and entitlements attaching to them, to the CB Purchaser, Motivational Mathematics Limited, at the total consideration of HK\$31.5 million.

For details, please refer to the Company's announcements dated 16 January 2025 and 21 January 2025 respectively.

As at the date of this announcement, interest of approximately HK\$70 million was repaid utilizing the proceeds from the rights issue of the Company completed on 29 July 2025 and approximately HK\$14 million of interest was waived after negotiations with the CB Purchaser.

Significant investments

During the Year under Review, the Group has no significant investment.

Material acquisitions and disposals of subsidiaries

During the Year under Review, the Group has no material acquisitions or disposals of any subsidiaries.

Guarantees on mortgage facilities

As at 31 December 2025, the Group provided guarantees over the mortgage loans of certain purchasers of approximately RMB35.3 million (31 December 2024: approximately RMB28.0 million).

Assets guarantees

As at 31 December 2025, the Group has pledged or restricted deposits in the bank deposits of RMB0.4 million (31 December 2024: approximately RMB1.4 million). In addition, partial other borrowings of the Group were secured by the Group's certain properties under development, completed properties held for sale, investment properties and the equity interests in certain subsidiaries of the Group, and jointly guaranteed by the Chairman, Chief Executive Officer and executive Director, Mr. Chen Chengshou ("**Mr. Chen**"), Mr. Chen's spouse and children, the Group's related company, Xinming Group Limited, and other minority shareholders of certain subsidiaries of the Group free of charge.

Capital structure

On 6 December 2024, the Board proposed to implement the capital reorganisation (the "**Capital Reorganisation**") involving:

- (i) the share consolidation, capital reduction and share subdivision, pursuant to which every one hundred (100) issued and unissued existing shares of par value HK\$0.01 each consolidated into one (1) consolidated share of par value HK\$1.00 each;
- (ii) the capital reduction, pursuant to which (a) any fractional consolidated Share in the issued share capital of the Company arising from the share consolidation will be cancelled, and (b) the par value of each issued consolidated Share will be reduced from HK\$1.00 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.99 on each issued consolidated Share; and

(iii) the share subdivision, pursuant to which immediately following the capital reduction, each of the authorised but unissued consolidated Shares of par value of HK\$1.00 each will be subdivided into 100 adjusted Shares of par value of HK\$0.01 each.

The Capital reorganisation was completed and effective on 26 May 2025. Immediately following the Capital Reorganisation having become effective, the authorised share capital of the Company as HK\$100,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.01 each, and the aggregate nominal value of the issued share capital of the Company was approximately HK\$187,862.20, details of which were disclosed in the Company's circular dated 25 February 2025.

Capital expenditure

During the Year under Review, the Group's total capital expenditure was approximately RMB0 million (31 December 2024: approximately RMB0 million).

Capital commitments

As at 31 December 2025, the capital commitments related to activities of properties under development were approximately RMB39.9 million (31 December 2024: approximately RMB24.5 million).

Exposure to exchange rate fluctuations

The Group operates mainly in Renminbi, and certain bank deposits of the Group are denominated in Hong Kong dollars. Save as disclosed above, the Group was not exposed to any material exchange rate fluctuation risk and did not enter into foreign currency hedging policies. However, the Group will monitor closely the foreign exchange risk and may, as the case may be and depending on the trend of foreign currencies, consider to apply significant foreign currency hedging policies in the future.

Employees and remuneration policy

As at 31 December 2025, the Group has a total of 47 employees (31 December 2024: a total of 50 employees). The Group promoted the upgrading of talents, cultivated and recruited excellent talents with sales and management experience, improved the allocation system of remuneration linked to performance and maintained harmonious labor relations. The remuneration of employees of the Group will be based on their performance, experience and the prevailing market remuneration. Moreover, the Group has also adopted a share option scheme and a share award scheme which had been terminated on 26 January 2026.

Contingent liabilities

As at 31 December 2025, the Company had guarantees in respect of mortgage facilities granted to purchasers of the Group's properties of approximately RMB35.3 million (31 December 2024: approximately RMB28.0 million).

USE OF PROCEEDS FROM THE RIGHTS ISSUE

On 29 July 2025, the Group completed the rights issue on the basis of four (4) rights shares for every one (1) consolidated ordinary share of the Company at the subscription price of HK\$1.12 per rights share, the net proceeds from the rights issue, after deducting the estimated expenses (including but not limited to placing commission, legal expenses and disbursements), is approximately HK\$78.9 million. As at 31 December 2025, approximately 92% (being approximately HK\$72.6 million) was utilized for settlement of convertible bonds, repayment of interest-bearing bank loans and other borrowings and other payables and accruals of the Group; and (ii) approximately 8% (being approximately HK\$6.3 million) was utilized as general working capital of the Group, including but not limited to its daily operational expenses of the Group. The proceeds was utilized according to the allocation set out in the rights issue prospectus of the Company dated 23 June 2025.

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

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

Upon review of the corporate governance practice of the Company, the Board believed that the Company has applied the principles in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules and complied with the code provisions of the CG Code during the Year under Review. None of the Directors was aware of any information that would reasonably indicate that the Company was during the Year under Review non-compliance with the code provisions of the CG Code, except for the deviation as follows:

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chen is the chairman and the chief executive officer of the Company (“**CEO**”). The Group therefore does not separate the roles of the chairman and the CEO. The Board considered that Mr. Chen had in-depth knowledge and experience in the property investment and development industry and was the most appropriate person to manage the Group. Vesting the roles of both chairman and CEO in Mr. Chen has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman and CEO of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct of dealings in securities of the Company by the Directors. Upon specific enquiries of all the Directors, each of them has confirmed that they complied with the required standards set out in the Model Code during the Year under Review.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, namely Ms. Lee Yin Man (being the chairman of the Audit Committee), Ms. Chan Wai Yan and Ms. Huang Chunlian. The Company’s consolidated annual results and financial report for the Year under Review have been reviewed by the Audit Committee.

SCOPE OF WORK OF GLOBAL LINK CPA LIMITED

The figures in respect of the consolidated statement of profit or loss and other comprehensive income, and the consolidated statement of financial position of the Group and the related notes thereto for the Year under Review as set out in this announcement have been agreed by the Company's auditor, Global Link CPA Limited ("**Global Link**"), Certified Public Accountants, to the amounts set out in the consolidated financial statements of the Group for the year ended 31 December 2025. The work performed by Global Link 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 HKICPA and consequently no assurance has been expressed by the Company's auditor on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.xinm.com.cn. The 2025 annual report will be dispatched to shareholders of the Company in due course and will be available on the above websites in due course.

By order of the Board
Xinming China Holdings Limited
Law Hok Yu
Company Secretary

Hangzhou, the PRC
31 March 2026

As at the date of this announcement, the executive Directors are Mr. Chen Chengshou and Mr. Shi Jianwen; and the independent non-executive Directors are Ms. Chan Wai Yan, Ms. Huang Chunlian and Ms. Lee Yin Man.

If there is any discrepancy between the English version and the Chinese translation, the English version shall prevail.

* *For identification purposes only*