



中國海外宏洋集團有限公司
CHINA OVERSEAS GRAND OCEANS GROUP LTD.

Stock Code: 00081

*Building on
Our
Advantages
Forging
Ahead on
a New
Journey*

2025 ANNUAL REPORT



领潮

精筑幸福 创领潮流

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Green





Smart





Comfortable



Corporate and Shareholders' Information

CORPORATE INFORMATION

REGISTERED OFFICE

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Telephone : (852) 2988 0600
Facsimile : (852) 2988 0606
Website : www.cogogl.com.hk

COMPANY SECRETARY

Anita Wong

SHARE REGISTRAR

Tricor Investor Services Limited
17/F., Far East Finance Centre
16 Harcourt Road, Hong Kong
Telephone : (852) 2980 1333
Facsimile : (852) 2810 8185
E-mail : is-enquiries@vistra.com

AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants and
Registered Public Interest Entity Auditor*

PRINCIPAL BANKERS

(In Alphabetical Order)

Agriculture Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of China Limited
Bank of Communications Co., Ltd.
Bank of Shanghai Co., Ltd.
China Bohai Bank Co., Ltd.
China CITIC Bank Corporation Limited
China Construction Bank Corporation
China Merchants Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.
Chong Hing Bank Limited
CMB Wing Lung Bank Limited
DBS Bank Ltd., Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited
Hua Xia Bank Co., Limited
Industrial and Commercial Bank of China (Asia) Limited
Industrial and Commercial Bank of China Limited
Nanyang Commercial Bank, Limited
Ping An Bank Co., Ltd.
Postal Savings Bank of China Co., Ltd.
Shanghai Pudong Development Bank Limited

SHAREHOLDERS' INFORMATION

SHARE LISTING

The Company's shares are listed on the Stock Exchange.

ORDINARY SHARES (AS AT 31 DECEMBER 2025)

Shares outstanding 3,559,374,732 shares

STOCK CODE

SHARES

Stock Exchange : 00081
Bloomberg : 81:HK
Reuters : 0081.HK

INVESTOR RELATIONS

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FINANCIAL CALENDAR

2025 annual results announcement	23 March 2026
Book closure period for annual general meeting	24 June 2026 to 29 June 2026 (both days inclusive)
Record date for annual general meeting	29 June 2026
Annual general meeting	29 June 2026
Book closure period and record date for final dividend	6 July 2026
Payment date of final dividend	On or around 20 July 2026

Board of Directors and Committees

EXECUTIVE DIRECTORS

Zhuang Yong	<i>Chairman</i>
Yang Lin	<i>CEO</i>
Zhou Hancheng	<i>Vice President</i>

NON-EXECUTIVE DIRECTORS

Yung Kwok Kee, Billy	<i>Vice Chairman</i>
Liu Ping	

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chung Shui Ming, Timpson
Lam Kin Fung, Jeffrey
Fan Chun Wah, Andrew

AUTHORISED REPRESENTATIVES

Zhuang Yong
Yang Lin

AUDIT COMMITTEE

Chung Shui Ming, Timpson	<i>Chairman</i>
Lam Kin Fung, Jeffrey	
Fan Chun Wah, Andrew	

REMUNERATION COMMITTEE

Lam Kin Fung, Jeffrey	<i>Chairman</i>
Yung Kwok Kee, Billy	
Chung Shui Ming, Timpson	
Fan Chun Wah, Andrew	

NOMINATION COMMITTEE

Fan Chun Wah, Andrew	<i>Chairman</i>
Zhuang Yong	
Liu Ping ^(Note)	
Chung Shui Ming, Timpson	
Lam Kin Fung, Jeffrey	

Note: Appointed with effect from 27 June 2025

Financial Highlights

For the year ended 31 December	2025	2024	Change
Contracted property sales [#] (RMB Million)	32,185	40,110	-19.8%
Key Consolidated Income Statement Items (RMB Million)			
Revenue	36,874	45,895	-19.7%
Gross profit	3,201	3,846	-16.8%
Gross margin ¹	8.7%	8.4%	0.3% [^]
Profit attributable to owners of the Company	305	954	-68.1%
Net margin ²	0.8%	2.1%	-1.3% [^]
As at 31 December	2025	2024	Change
Key Consolidated Statement of Financial Position Items (RMB Million)			
Inventories of properties	71,121	84,370	-15.7%
Pre-sales proceeds	20,076	27,804	-27.8%
Cash and bank balances	26,865	27,291	-1.6%
Total borrowings ³	38,907	39,702	-2.0%
Net debts ⁴	12,042	12,411	-3.0%
Total equity	38,047	37,551	1.3%
Equity attributable to owners of the Company	31,621	31,396	0.7%
Net gearing ⁵	31.7%	33.1%	-1.4% [^]
Net asset per share ⁶ (RMB)	8.88	8.82	0.7%
Land Bank (Thousand sq.m.)			
Development land reserves [#]	11,992.3	13,778.1	-13.0%
Financial Year	2025	2024	Change
Return to Shareholders			
Return on equity ⁷	1.0%	3.0%	-2.0% [^]
Earnings per share (RMB cents)	8.6	26.8	-68.1%
Dividends per share (HK cents)	3.5	10.0	-65.0%

FORMULA OF FINANCIAL INFORMATION			
(1) Gross margin		Gross profit	
		Revenue	
(2) Net margin		Profit attributable to owners of the Company	
		Revenue	
(3) Total borrowings		Bank and other borrowings + Guaranteed notes and corporate bonds	
(4) Net debts		Total borrowings – Cash and bank balances	
(5) Net gearing		Net debts	
		Total equity	
(6) Net asset per share		Equity attributable to owners of the Company	
		Number of Shares outstanding	
(7) Return on equity		Profit attributable to owners of the Company	
		Average capital and reserves attributable to owners of the Company	

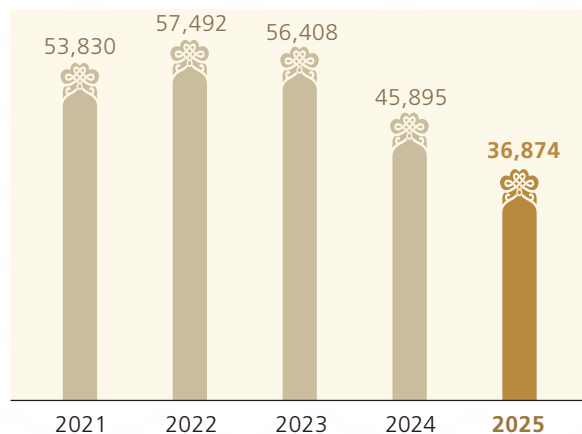
[#] Included associates and joint ventures

[^] Change in percentage points

Financial Highlights

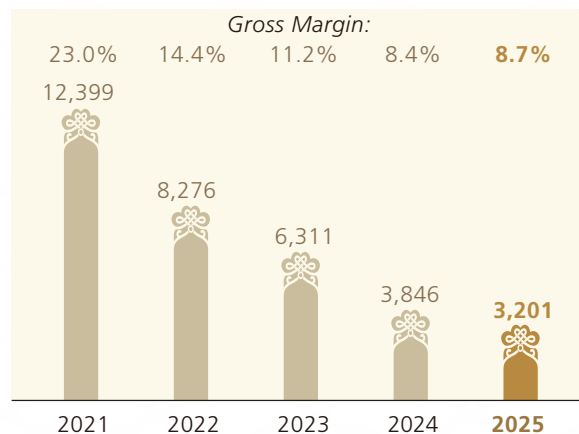
Revenue

(RMB Million)



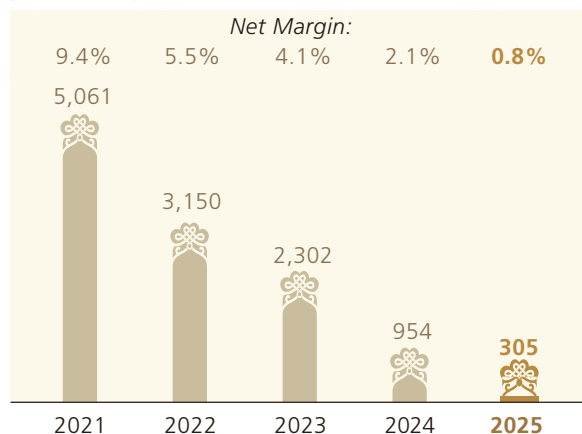
Gross Profit

(RMB Million)



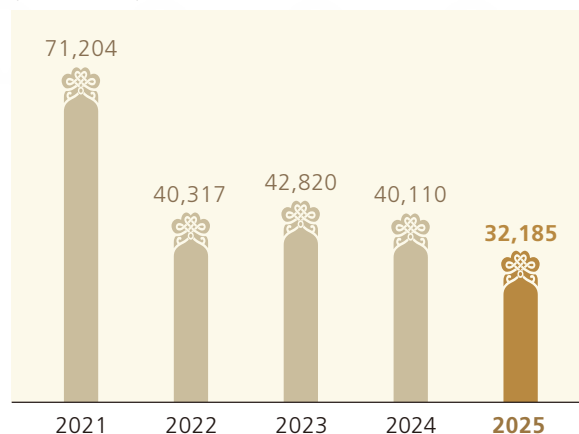
Profit Attributable to Owners of the Company

(RMB Million)

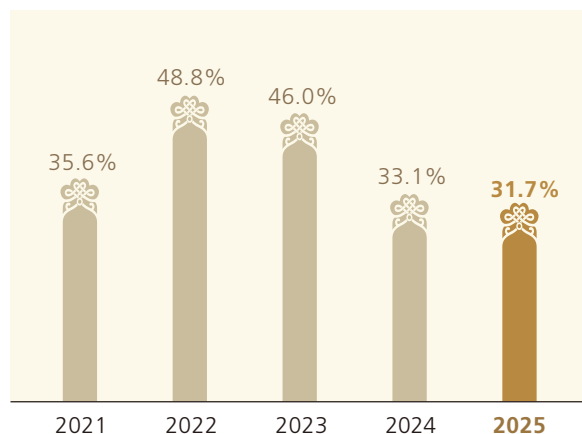


Contracted Property Sales[#]

(RMB Million)

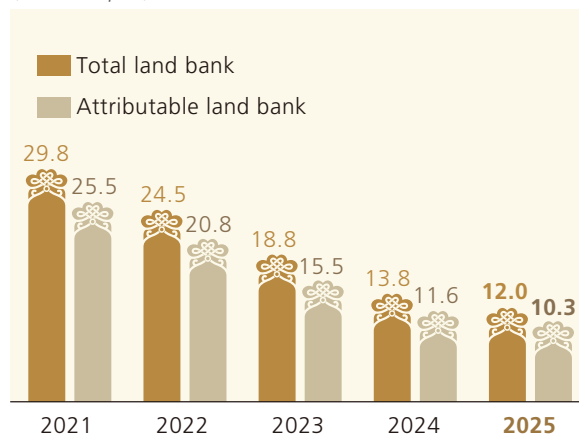


Net Gearing (Net debts/total equity)



Land Bank[#]

(Million sq.m.)



[#] Included associates and joint ventures

Chairman's Statement



ZHUANG YONG
CHAIRMAN AND
EXECUTIVE DIRECTOR



Chairman's Statement

INTRODUCTION

I am pleased to present the review of annual results for the year ended 31 December 2025 and the outlook in 2026 of the Company and its subsidiaries (collectively the "Group").

In 2025, the Group achieved a revenue of RMB36,874 million, representing a year-on-year decrease of 19.7%. Profit attributable to owners of the Company amounted to RMB305 million, representing a year-on-year decrease of 68.1%. Basic earnings per share was RMB8.6 cents.

After a prudent review on the overall result performance and working capital requirements for the future operations of its business, the Board of the Company recommended the payment of a final dividend of HK2.5 cents per share (2024: HK7 cents per share) for the year ended 31 December 2025. Taking into account the interim dividend of HK1 cent per share (2024: HK3 cents per share) paid in October 2025, total dividends for the year will amount to HK3.5 cents per share (2024: HK10 cents per share). The dividend payout ratio for the year is 36.0%.

MARKET REVIEW

In 2025, China's economy maintained steady expansion amid persistent external headwinds and ongoing domestic structural reforms, advancing toward higher-quality, innovation-driven growth. Gross domestic product rose 5.0% year-on-year, reflecting resilience and gradual progress in the transition to a more optimized and innovation-driven direction.

In 2025, China's real estate market entered a stabilization phase, transitioning toward balanced and sustainable development. Supported by city-specific measures, supply discipline, inventory optimization, and urban renewal initiatives, the sector moved beyond the cyclical downturn. Proactive macro policies and localized housing measures narrowed the contraction, while "Quality Housing" standards accelerated the shift to a higher-quality growth model. Year-on-year declines moderated amid improving fundamentals, reflecting stronger financial resilience, operational efficiency, and a clear trajectory toward long-term value creation. According to data from the National Bureau of Statistics, residential property sales value and area sold dipped by 12.6% (2024: 17.6%) and 9.7% (2024: 14.1%) respectively in 2025. The market's adjustment and consolidation trend persisted.

Amid uneven global recovery, geopolitical complexity, and ongoing supply chain realignment, the property sector remained at an inflection point. Through this prolonged adjustment, the Group anchored its core operations while capturing structural opportunities for growth, advancing steadily to deliver both resilience and renewal.



Lanzhou Infinity Vision

Chairman's Statement

BUSINESS REVIEW

In 2025, China's property market stabilized in transaction volumes amid declining prices, as developers used selective price cuts to stimulate demand and establish a new equilibrium. Supply discipline intensified with curtailed land acquisitions and new starts, better aligning inventories with demand. Policy support, including lower down payments, mortgage rates, urban renewal programs, and resettlement vouchers, bolstered buyer activity. Accelerated inventory absorption shifted the market toward a more sustainable equilibrium. The secondary market, driven by price-for-volume dynamics, recorded cyclical-high transaction volumes, while strengthening move-up demand provided critical support to the primary market.

The Group refined its product offerings and raised management standards by concentrating on key projects, advancing steadily to bolster stability while pursuing growth within a resilient framework. In 2025, the Group together with its associates and joint ventures (collectively the "Group Series of Companies") achieved contracted property sales of RMB32,185 million, representing a year-on-year decrease of 19.8%. The contracted sales area was 2,937,900 square meters ("sq.m."), representing a year-on-year decrease of 15.7%. Contracted property sales attributable to the Group for the year amounted to RMB27,967 million, representing a year-on-year decrease of 18.4%, ranking 20th in the industry. At year end date, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB956 million for an aggregated contracted area of 76,500 sq.m..

In 2025, the Group further advanced project optimization, strengthened the integration of investments and operations, and expedite the launch of new projects. The Group launched 18 new projects during the year, with an average time to launch pre-sales of 123 days, 21 days faster year-on-year, while project handover efficiency also improved notably.

The Group's commercial property segment delivered steady growth, with the Group Series of Companies achieving turnover amounting to RMB536 million (2024: RMB499 million), representing an increase of 7.4% against 2024, while the Group Series of Companies' total leased area reached 549,600 sq.m., a 13.4% increase. Hefei China Overseas Binhu Uni World and other retail assets achieved full occupancy while introducing multiple regional flagship stores, elevating both brand stature and operational performance. The inaugural "Huizhou China Overseas Hilton Hotel" opened successfully, achieving operational profit positivity within its first year. Development pipelines in Weifang, Jilin, and Zunyi continued to progress steadily.

The Group remained committed to its quality-focused mid-scale positioning, focusing on deep penetration in selected mid-tier cities where it maintained a leading market share. The Group ranked among the top three by sales value in 21 cities, securing first place in 7. Market share exceeded 20% in 5 cities, Lanzhou, Yinchuan, Ganzhou, Taizhou, and Jilin, underscoring its leadership position and operational resilience in mid-tier cities markets.

The Group remained committed to its "3P" investing strategy, which targeted the most "Prominent" cities and their "Prime" neighborhoods while focusing on "Popular" property types. Leveraging the "China Overseas Properties" platform and brand equity, the Group proactively captured market opportunities through rigorous investment discipline and selective replenishment of its land bank with high-quality sites. Efficient project execution delivered profits and accelerated cash flow. The Group aligned with industry cycles in mid-tier cities, implementing a strategy of leveraging new projects to revitalize legacy assets and unlock their value through high-quality new investments. City-level operations continued to demonstrate strong momentum, delivering peer-leading sales performance. By strengthening brand equity and optimizing the portfolio, the Group effectively addressed legacy exposures, establishing a solid foundation for sustainable long-term growth. In 2025, the Group Series of Companies acquired twenty-two projects through public auctions, adding total gross floor area of 2,928,800 sq.m., with total land cost amounting to RMB11,708 million; and attributable gross floor area of 2,622,100 sq.m., with attributable land cost amounting to RMB10,225 million.

As of 31 December 2025, the gross floor area of the total land bank of the Group Series of Companies was 11,992,300 sq.m., of which 10,255,100 sq.m. were attributable to the Group.

Chairman's Statement

BUSINESS REVIEW (CONTINUED)

Guided by its long-term philosophy, the Group developed a lean, standardized product system focused on cost efficiency, quality assurance, and faster delivery. A comprehensive unit-type spectrum was established, with ongoing refinements to modular elements such as living rooms, amenities, façades, and landscapes. Improved material selection and construction methods delivered clear benefits, enhancing operational efficiency and sales performance in new projects.

The Group's strong record of delivery reinforces customer confidence in its industry-leading execution capabilities. The Group had successfully delivered approximately 25,800 new homes. Customer satisfaction rating was 97%, top among industry peers. Our proven track record for ensuring high-quality delivery of new homes is highly recognized and makes us a top brand in the sector.

The Group continued to strengthen its operating cash flow management, and our strong financial position stood the Group in good stead. The Group Series of Companies recorded receipts from sales totalling RMB33.56 billion for the year, with operational cash flow keeping positive for four consecutive years. Cash reserves totalled over RMB26,865 million at the year end. The net gearing ratio decreased from 33.1% as at the end of last year to 31.7% as at the year ended. None of the "Three Red Lines" was breached. The weighted average financing cost remained at an industry low of 3.4%.

The Group maintained smooth onshore and offshore funding channels. During the year, it arranged a RMB3.1 billion club loan with nine banks, the largest offshore facility in its history. The fresh proceeds marked a rare offshore financing breakthrough for Chinese developers in recent years. Onshore, the Group issued two tranches of corporate bonds totalling RMB2.8 billion, comprising a 5-year tranche at 2.7% and a 3-year tranche at 2.4%, setting the Group's new benchmarks for domestic debt program with the largest single issuance size, longest tenor, and lowest coupon rates to date.

The Group embedded sustainability into its core strategy and enhanced environmental, social and governance ("ESG") disclosure practices, releasing a "Climate Change White Paper" one year ahead of HKEx climate reporting requirements. It received multiple industry and international accolades, including a UN SDG Action Award. ESG ratings rose for a third consecutive year: Wind ESG reached the top-tier AAA rating; S&P ESG scored 66, placing the Group among China's leading property developers; GRESB climbed to a record 97; and MSCI was upgraded for the third straight year, stabilizing at "A", reinforcing the Group's position as an ESG benchmark in the sector.

COGO Low Carbon Building Technology Co., Ltd.* ("COGO Low Carbon"), leveraged in-house expertise to build an integrated service model combining consulting, digitalization, and technology. It delivered China State Construction Engineering Corporation Limited's ESG digital management platform, contributing to a material uplift in its ESG rating, and provided ESG platform and advisory services to industry associations and multiple listed companies. COGO Low Carbon's consulting business continued to expand, establishing it as a key ESG solutions provider in the property sector.

The Group leveraged technology to drive innovation and advance its "Good Housing" initiative. Centered on four pillars: "Safety, Comfort, Sustainability, and Smart Living", the Group launched the "COGO Good Housing Standard", integrating its strategic positioning with industry best practices. This is supported by technical guidelines on standards, design, materials, construction, and services, ensuring consistent delivery across projects. In 2025, the Group completed over 20 "Good Housing" projects in 12 cities, including Hefei, Lanzhou, and Nanning. The Hefei subsidiary was designated as the sole representative for Anhui Province's "Anhui Good Housing" initiative and contributed to drafting provincial technical guidelines, underscoring the Group's leadership in quality housing development.

* English translation is for identification only

Chairman's Statement

BUSINESS REVIEW (CONTINUED)

2025 marked the conclusion of China's 14th Five-Year Plan. Over the past five years, the Group maintained strategic discipline amid challenging market conditions, pursuing prudent and focused operations at the headquarters level, implementing a strategy of leveraging new projects to revitalize legacy assets regionally, and delivering projects through disciplined, phased handovers. This approach has delivered solid progress in operational performance, competitive positioning, and sustainable growth throughout an extended market downturn.

PROSPECTS

2026 marks the start of China's 15th Five-Year Plan, with policy support expected to intensify and front-load efforts to stabilize the property market while promoting quality development. The Group will maintain prudent operations and financial resilience, deepen its strategy of using new projects to revitalize legacy assets, and balance fresh investments with efficient inventory absorption. Continuous innovation across products, technology, and management will strengthen capabilities and drive sustainable growth through the market cycle.

Despite sector headwinds, the Group remains confident in the structural opportunities within its core markets. In mid-tier cities, a thinning competitive landscape, combined with growing demand for quality housing, has created structural opportunities for developers excelling in product differentiation. The Group's SOE standing, robust finances, and unique focus on mid-tier cities position it advantageously as competition recedes. Deep local penetration and a track record of quality delivery have built strong customer loyalty, enabling the Group to lead the market's shift toward higher-quality housing.

In the evolving competitive landscape, deeply understanding shifting customer expectations, and delivering products and services that meet or exceed them, has become increasingly critical. The Group is systematically advancing its "good housing" initiative to develop safe, comfortable, green, and smart residences aligned with customer needs. By combining thoughtful service with quality execution, the Group aims to sustain top-quartile customer satisfaction scores. Consistently delivering projects on schedule and to high standards will further strengthen the "China Overseas Properties" brand and underpin sustainable, long-term growth.

Amid sector volatility, the Group maintains prudent financial discipline, strengthening cash flow management, cost control, and risk oversight to preserve flexibility. Operating cash flow remains robust, the balance sheet solid, and liquidity ample, supported by ongoing debt and funding optimization. The Group actively monitors external developments and market dynamics, adapting its strategy with agility to safeguard resilience and underpin sustainable growth.

Employees are vital assets driving the Group's success. Through robust human resources systems, safe work environments, and tailored training, the Group fosters talent development and shares in corporate achievements. Embracing an inclusive "People-First" strategy, the Group recruits elite professionals, aligns roles with individual growth paths, and enhances employee capabilities to integrate personal development with business progress. Talent pipeline building is prioritized through focused training programs, empowering staff growth.

Built on a robust foundation in human resources infrastructure and talent management, the Group focuses on fostering a culture of mutual growth. By aligning personal aspirations with long-term corporate goals, employees thrive in a transparent, supportive atmosphere. Continuous enhancements in performance evaluations, compensation, and workspace quality maintain high staff dedication and satisfaction, placing the Group at the forefront of the industry.

Looking ahead to 2026, we anticipate stabilization policies to maintain momentum and broaden in scope, aiding market bottoming and a gradual stabilization. With a solid financial footing, the Group is prepared to capitalize on market shifts, adopting a proactive stance to navigate upcoming challenges effectively.

Chairman's Statement

APPRECIATION

I would like to express my gratitude to all directors, the management team and our employees for their efforts and dedication, as well as to our stakeholders, customers, partners and the community for their continued trust and support to the Group. We will live up to the expectations and create greater shareholder value for all.

Zhuang Yong

Chairman and Executive Director

Management Discussion and Analysis

BUSINESS REVIEW

REVENUE AND OPERATING RESULTS

In 2025, the property market of China continued its stabilization trajectory amid uneven recovery. New home sales momentum softened from the second quarter, while the secondary market relied on price adjustments to sustain transaction volumes. City-level divergence remained pronounced. In terms of policy, under the requirement to achieve stabilization in the property market and to reinforce the government's commitment to high-quality sector development, local governments have implemented city-specific policies, with further relaxation of purchase restrictions, reduced mortgage rates, and lower transaction taxes to ease buyer costs. This sent positive signals to the market and helped unlock pent-up housing demand.

Leveraging a consistently solid financial foundation, the Group committed to providing high quality properties to customers. Our products resonated strongly in mid-tier cities. During the year, the Group's market share continued to expand in key cities where it operated.

The Group Series of Companies achieved contracted property sales of RMB32,185 million for the year (2024: RMB40,110 million), representing a decrease of 19.8% against 2024, in which, an amount of RMB1,630 million (2024: RMB3,031 million) was contributed by associates and joint ventures. Contracted property sales attributable to the Group for the year amounted to RMB27,967 million (2024: RMB34,256 million), representing a decrease of 18.4% as compared to 2024. The Group's overall sales performance during the year basically achieved the targets set at the beginning of the year.

For the year ended 31 December 2025, the Group recorded revenue of RMB36,874 million (2024: RMB45,895 million), representing a decrease of 19.7% against 2024, which was mainly affected by ongoing consolidation of the overall real estate market in the Chinese Mainland and the impact of the Group's proactive downsize of investment scale in response to market conditions over the past few years. Gross profit for the year was RMB3,201 million (2024: RMB3,846 million), representing a decrease of 16.8% against 2024. The overall gross profit margin for the year was approximately 8.7% (2024: 8.4%).

In terms of expenses, distribution and selling expenses for the year decreased by RMB84 million against 2024 to RMB1,289 million (2024: RMB1,373 million). These expenses represented a slightly higher percentage of the Group's contracted sales compared to 2024, in response to the challenging sales environment. In addition, administrative expenses for the year decreased by RMB142 million against 2024 to RMB621 million (2024: RMB763 million). The Group continued to maintain stringent cost control throughout the year, the ratio of the administrative expenses to revenue maintained at less than 2% for both the current year and 2024.

Mainly affected by the above-mentioned continued consolidation of the real estate market, operating profit for the year amounted to RMB1,529 million (2024: RMB2,210 million), representing a decrease of 30.8% against 2024.

The total interest expense for the year decreased by RMB271 million against 2024 to RMB1,421 million (2024: RMB1,692 million), which was mainly due to the Group's continuing maintenance of effective interest cost control measures during the year. Finance costs, after capitalization of RMB1,371 million (2024: RMB1,633 million) to the on-going property development projects, was RMB50 million (2024: RMB59 million) for the year.

Share of losses of associates for the year amounted to RMB40 million (2024: profits of RMB28 million). The share of losses of joint ventures for the year amounted to RMB73 million (2024: losses of RMB17 million). During the year, property sales of real estate development projects of associates and joint ventures were also affected by the ongoing market consolidation.

Management Discussion and Analysis

BUSINESS REVIEW (CONTINUED)

REVENUE AND OPERATING RESULTS (CONTINUED)

Income tax expense comprised enterprise income tax and land appreciation tax ("LAT"). Income tax expense for the year decreased by RMB129 million against 2024 to RMB816 million (2024: RMB945 million), mainly due to the decrease in operating profit for the year.

Overall, for the year ended 31 December 2025, profit attributable to owners of the Company decreased by 68.1% against 2024 to RMB305 million (2024: RMB954 million). Basic earnings per share were RMB8.6 cents (2024: RMB26.8 cents).

LAND BANK

The management believes that a sizable and high-quality land bank can ensure the sustainable growth of the Group's business and is also one of the most important assets to a property developer. In the past year, to navigate challenging market conditions, the Group further enhances its customer and investment research capabilities and actively seizes structural opportunities in the market. The Group proactively acquires high-quality land parcels at reasonable prices to continuously acquire land parcels and improve the quality of its land bank.

For the year ended 31 December 2025, the Group Series of Companies acquired twenty-two projects (2024: eleven projects) at an aggregate consideration of RMB11,708 million (2024: RMB5,229 million) in thirteen key cities where it operates, including Hefei, Lanzhou, Yinchuan and Hohhot etc., whereby gross floor area of approximately 2,928,800 sq.m. (2024: 1,189,200 sq.m.), of which approximately 2,622,100 sq.m. (2024: 1,141,400 sq.m.) was attributable to the Group. In response to the structural opportunities in the market, land investments have been significantly strengthened as compared to 2024 in order to support future business development of the Group.



Hefei Central Manor

Management Discussion and Analysis

BUSINESS REVIEW (CONTINUED)

LAND BANK (CONTINUED)

The table below shows the details of land parcels acquired during the year:

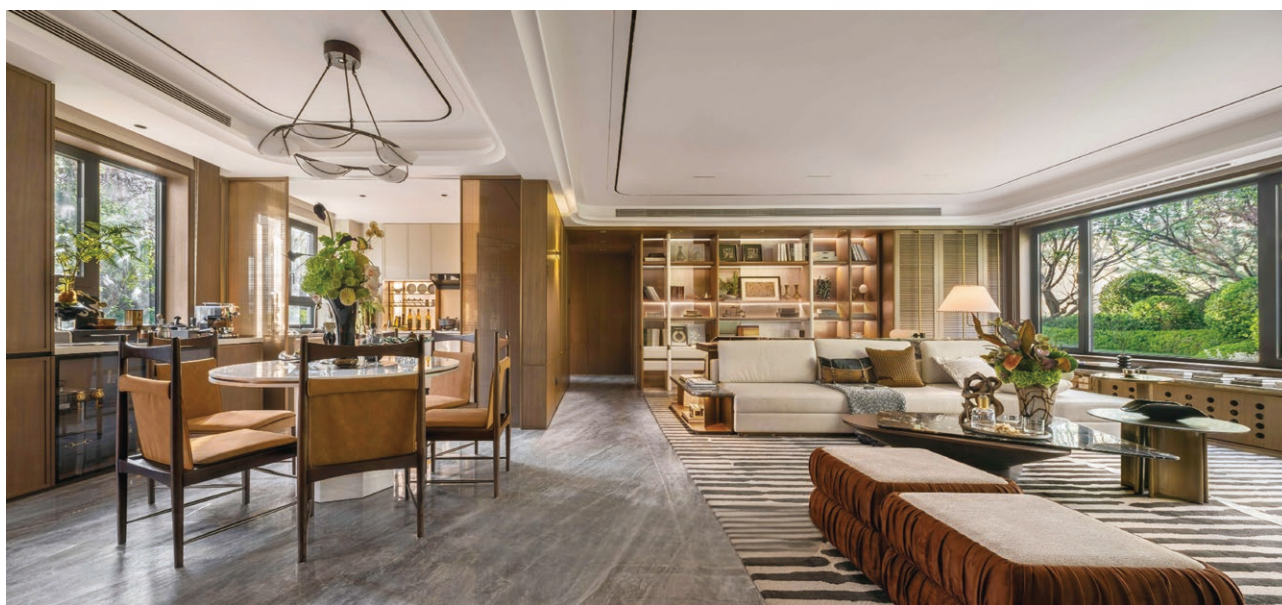
No.	City	Name of project	Attributable Interest	Total GFA (sq.m.)
1	Nantong	Chongchuan District Project (Center Mansion II)	100%	89,200
2	Hohhot	Xincheng District Project #1 (Private Mansion)	100%	97,300
3	Hohhot	Xincheng District Project #2 (Private Mansion)	100%	114,500
4	Hefei	Baohe District Project #1 (Central Manor III)	100%	113,900
5	Yangzhou	Hanjiang District Project (The Paragon III)	100%	22,900
6	Shaoxing	Yuecheng District Project (Lake Mansion)	100%	67,200
7	Nanning	Xingning District Project (Infinity Vision)	100%	156,800
8	Hefei	Yaohai District Project (Inner Mansion)	100%	87,000
9	Lanzhou	Chengguan District Project #1 (Center Mansion)	70%	319,600
10	Hefei	Baohe District Project #2 (Sagacity Mansion)	39%	42,900
11	Hefei	Baohe District Project #3 (Luxury Mansion/ Infinity Vision)	51%	217,000
12	Baotou	Kundulun District Project (Infinity Vision)	100%	156,900
13	Huizhou	Huicheng District Project (One Sino Residences)	100%	179,500
14	Tangshan	Lubei District Project #1 (One Sino Residences I)	100%	88,300
15	Tangshan	Lubei District Project #2 (One Sino Residences II)	100%	94,700
16	Yangzhou	Hanjiang District Project #2 (The Paragon IV)	100%	94,500
17	Lanzhou	Anning District Project (Eternal Vision)	100%	150,300
18	Yinchuan	Jinfeng District Project (One Sino Residences)	100%	164,800
19	Hefei	Baohe District Project #4	39%	128,300
20	Jining	Gaoxin District Project (Elegant Mansion)	100%	154,900
21	Quanzhou	Jinjiang Project (Infinity Vision)	100%	87,200
22	Lanzhou	Chengguan District Project #2 (Sky Praise Villa/Eternal Tianfu)	100%	301,100
Total				2,928,800

As at 31 December 2025, the gross floor area of total land bank of the Group Series of Companies in the Chinese Mainland reached 11,992,300 sq.m. (2024: 13,778,100 sq.m.), of which 994,500 sq.m. (2024: 969,400 sq.m.) was held by associates and joint ventures collectively. The gross floor area of land bank attributable to the Group was approximately 10,255,100 sq.m. (2024: 11,590,700 sq.m.). The Group Series of Companies held a land bank distributed in 33 cities as at 31 December 2025.

Management Discussion and Analysis

BUSINESS REVIEW (CONTINUED)

LAND BANK (CONTINUED)



Lanzhou Antara

The table below shows the details of land bank as at year end:

No.	District	Total GFA ('000 sq.m.)	%	Attributable GFA ('000 sq.m.)	%
1	Lanzhou district	1,907.1	15.9%	1,724.6	16.8%
2	Hefei district	1,662.4	13.9%	1,200.9	11.7%
3	Shantou district	1,395.5	11.6%	1,395.5	13.6%
4	Mengning district	888.0	7.4%	888.0	8.7%
5	Weifang district	881.3	7.3%	748.5	7.3%
6	Huizhou district	730.9	6.1%	502.1	4.9%
7	Yangzhou district	559.5	4.7%	410.3	4.0%
8	Tangshan district	540.9	4.5%	540.9	5.3%
9	Yantong district	505.0	4.2%	274.1	2.7%
10	Others	2,921.7	24.4%	2,570.2	25.0%
Total		11,992.3	100.0%	10,255.1	100.0%

BUSINESS REVIEW (CONTINUED)

CONTRACTED PROPERTY SALES* BY CITIES
For the year ended 31 December 2025

No.	City	Amount (RMB Million)	%	Contracted Area (sq.m.)	%
1	Lanzhou	4,290	13.3%	352,900	12.0%
2	Hefei	4,136	12.9%	235,600	8.0%
3	Ganzhou	2,218	6.9%	200,900	6.8%
4	Yinchuan	2,151	6.7%	201,500	6.9%
5	Shantou	1,826	5.7%	190,300	6.5%
6	Hohhot	1,588	4.9%	132,700	4.5%
7	Nantong	1,573	4.9%	86,300	2.9%
8	Nanning	1,256	3.9%	123,400	4.2%
9	Taizhou	1,182	3.7%	103,600	3.5%
10	Xuzhou	1,170	3.6%	84,500	2.9%
11	Yangzhou	847	2.6%	79,000	2.7%
12	Tangshan	809	2.5%	49,700	1.7%
13	Yancheng	789	2.5%	90,000	3.1%
14	Quanzhou	762	2.4%	58,700	2.0%
15	Weifang	704	2.2%	103,000	3.5%
16	Zibo	679	2.1%	99,400	3.4%
17	Changzhou	657	2.0%	70,300	2.4%
18	Jilin	624	1.9%	123,800	4.2%
19	Huizhou	561	1.7%	69,000	2.3%
20	Huai'an	483	1.5%	45,400	1.5%
21	Shaoxing	459	1.4%	18,700	0.6%
22	Tianshui	430	1.3%	43,200	1.5%
23	Anqing	410	1.3%	63,500	2.2%
24	Zhuzhou	358	1.1%	51,500	1.8%
25	Zhanjiang	347	1.1%	40,300	1.4%
26	Zhenjiang	341	1.1%	34,400	1.2%
27	Jinhua	326	1.0%	15,700	0.5%
28	Baotou	267	0.8%	31,100	1.1%
29	Xining	242	0.8%	34,500	1.2%
30	Liuzhou	229	0.7%	20,600	0.7%
31	Weinan	173	0.5%	32,100	1.1%
	Others	298	1.0%	52,300	1.7%
Total		32,185	100.0%	2,937,900	100.0%



Included associates and joint ventures

Management Discussion and Analysis

SEGMENT INFORMATION

PROPERTY DEVELOPMENT

The Group remained focused on mid-tier cities in the Chinese Mainland where it has a deep understanding of the varying demands for affordable and upgraded housing in different cities and provides suitable products based on the market conditions and target customer base in each city. The Group's standardization center and construction research center continue to focus on product development, integrating product implementation system to provide customers with high quality housing products. The Group's product competitiveness and brand effectiveness are continuously improving in the cities where it operates.

The contracted property sales of the Group Series of Companies for the year ended 31 December 2025 amounted to RMB32,185 million (2024: RMB40,110 million), for an aggregated contracted area of 2,937,900 sq.m. (2024: 3,483,500 sq.m.), (in which, RMB1,630 million <2024: RMB3,031 million> for an aggregated contracted area of 168,400 sq.m. <2024: 266,700 sq.m.> was contributed by associates and joint ventures) representing a decrease 19.8% and 15.7% respectively against to 2024. At year end date, the balance of preliminary sales pending the completion of sales and purchase agreements was RMB956 million for an aggregated contracted area of 76,500 sq.m..

Contracted property sales from major projects during the year ended 31 December 2025:

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Lanzhou	Infinity Vision	86,696	1,159
	Center Mansion	98,960	1,158
	Antara	67,662	820
	Paragon	27,353	460
	Platinum Garden	39,074	375
Hefei	Central Manor II	65,368	1,480
	Central Manor III	39,167	908
	Luxury Mansion	22,644	484
	Mount and Lake	38,440	435
	Skyline	33,602	304
	Guan Shan Li^	15,245	201
Ganzhou	Central Mansion	78,731	1,152
	The One Future	62,411	562
	River View Mansion	55,470	470

Management Discussion and Analysis

SEGMENT INFORMATION (CONTINUED)

PROPERTY DEVELOPMENT (CONTINUED)

Contracted property sales from major projects during the year ended 31 December 2025: (Continued)

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Yinchuan	Unique Palace	65,203	740
	Private Mansion	47,264	603
	Sea Advanced Collection	34,240	373
	Genius Garden	31,559	265
Shantou	The Rivera North City	48,306	558
	The Peninsula	22,213	308
	Platinum Mansion	28,654	256
	Golden Coast	33,290	228
	Guan Yun Fu	20,493	192
	Guan Lan Fu	18,207	178
Hohhot	Private Mansion	84,748	1,092
	River View Mansion	26,770	276
Nantong	Center Mansion II	30,402	616
	Center Mansion	30,941	610
	Hills Scenery	23,390	344
Nanning	One Sino Residences	19,553	497
	Infinity Vision	36,357	302
	Lake Palace	18,575	211
	Harrow Community	22,319	141
Taizhou	Jinmao Palace*	52,301	717
	Royal Mansion	31,657	312
	Graceful Mansion	14,272	136
Xuzhou	Jewel Manor	35,712	606
	Loong Mansion	10,338	200
	Lake City Mansion	18,262	182
	Future Land	18,573	162

Management Discussion and Analysis

SEGMENT INFORMATION (CONTINUED)

PROPERTY DEVELOPMENT (CONTINUED)

Contracted property sales from major projects during the year ended 31 December 2025: (Continued)

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Yangzhou	The Paragon Yard	36,012	495
	The Paragon	13,619	163
	Jiangnan Courtyard	18,616	162
Tangshan	Maple Palace	25,826	452
	Zhen Ru Fu	20,950	318
Yancheng	Origin of City	26,995	284
	Gorgeous Mansion	27,390	224
	Sanguinely Life^	17,070	149
	Mansion One	14,848	124
Quanzhou	Private Mansion	40,476	484
	Master Mansion	14,731	250
Weifang	Da Guan Tian Xia	71,558	547
Zibo	Genius Garden	76,482	557
	Jade Park^	28,515	145
Changzhou	Jiang Nan Mansion	24,995	296
	World Masterpiece	13,086	191
	South Halcyon	31,488	169
Jilin	Metropolis Times	50,561	368
	Glorioushire	56,064	214
Huizhou	Megacity Times	26,864	215
	Huizhou Tangquan	8,881	170
	Glorious Palace	15,978	112
Huai'an	Honor Mainstays	26,083	318
	Central Mansion	19,308	165

Management Discussion and Analysis

SEGMENT INFORMATION (CONTINUED)

PROPERTY DEVELOPMENT (CONTINUED)

Contracted property sales from major projects during the year ended 31 December 2025: (Continued)

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Shaoxing	Marina One	12,386	310
	Lake Mansion	6,322	149
Tianshui	The Platinum Pleased Mansion	43,215	430
Anqing	The Metropolis	63,483	410
Zhuzhou	Elegance Mansion	24,826	203
	Majestic Mansion	24,465	146
Zhanjiang	Glorious City*	38,236	327
Zhenjiang	Zhenru Mansion	32,527	328

* These projects are held by the joint ventures of the Group

^ These projects are held by the associates of the Group

During the year, gross floor area of nearly 4,733,700 sq.m. (2024: 6,227,400 sq.m.) of construction sites were completed for occupation and of which, about 77% (2024: 84%) had been sold at year end. The Group continued to focus on promoting sales in this changing market to place financial resilience at its core.

For the year ended 31 December 2025, the recognized revenue of the Group for this segment was RMB36,381 million (2024: RMB45,411 million), representing a decrease of 19.9% against 2024. The revenue recognized for the year was mainly from the sales of high-rise residential projects. Mainly affected by the impact of continuous optimization of selling price and cost control of projects, the gross profit margin of this segment for the year increased to 8.3% (2024: 8.0%).

The Group jointly developed property development projects with reliable business partners under the business model of associates and joint ventures in various cities. The Group's share of net losses from the associates and joint ventures included in the segment result for the year amounted to RMB117 million (2024: net profits of RMB5 million).

Overall, the segment profit for the year decreased by 33.0% to RMB1,234 million (2024: RMB1,843 million).

Management Discussion and Analysis

SEGMENT INFORMATION (CONTINUED)

PROPERTY DEVELOPMENT (CONTINUED)

Recognized revenue from major projects during the year ended 31 December 2025:

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Hefei	Skyline	141,288	3,015
	Central Manor	68,011	1,429
	Mount and Lake	49,342	686
	Jewel Manor	23,980	637
Ganzhou	River View Mansion	151,818	1,337
	Central Mansion	75,126	1,070
	The One Future	114,703	1,053
Yinchuan	Sea Advanced Collection	135,062	1,412
	Genius Garden	61,040	479
	International Community	8,555	148
	Gorgeous Mansion	6,984	127
Xuzhou	Loong Mansion	45,867	774
	Lake City Mansion	57,321	552
	Upper East	49,539	552
	Future Land	27,926	243
Nanning	One Sino Residences	44,680	1,362
	Lake Palace	21,961	296
	Harrow Community	22,430	144
	International Community	20,995	138
Nantong	Center Mansion	71,661	1,553
	Hills Scenery	25,521	413
Shantou	The Peninsula	36,555	481
	The Rivera North City	36,139	389
	Golden Coast	31,931	220
	Guan Lan Fu	21,861	204
	Guan Yun Fu	22,115	198
	Platinum Mansion	21,449	186
Jinhua	Central Mansion	30,268	930
	Central Park	52,580	579
Hohhot	River View Mansion	84,972	920
	Central Mansion	39,041	476
Quanzhou	Private Mansion	76,250	900
	Master Mansion	30,654	508

Management Discussion and Analysis

SEGMENT INFORMATION (CONTINUED)

PROPERTY DEVELOPMENT (CONTINUED)

Recognized revenue from major projects during the year ended 31 December 2025: (Continued)

City	Name of project	Contracted Area (sq.m.)	Amount (RMB Million)
Huai'an	Honor Mainstays	83,096	1,164
	Central Mansion	29,413	260
Tangshan	Zhen Ru Fu	37,862	667
	Maple Palace	24,738	518
	The Pogoda	6,048	108
Yangzhou	The Paragon Yard	35,728	728
	Jiangnan Courtyard	21,479	319
	The Paragon	9,380	139
Weifang	Da Guan Tian Xia	109,687	846
	The Riviera	819	117
Lanzhou	China Overseas Platinum Garden	69,352	655
	La Cite	13,514	180
	The Platinum Pleased Mansion	17,131	128
Yancheng	Gorgeous Mansion	29,823	263
	Mansion One	27,962	229
	Origin of City	21,467	221
Jilin	Metropolis Times	51,901	395
	Glorioushire	44,057	207
Anqing	The Metropolis	83,359	645
Changzhou	Jiang Nan Mansion	20,088	270
	World Masterpiece	10,677	164
	South Halcyon	14,147	159
Zibo	Genius Garden	74,880	535

Management Discussion and Analysis

SEGMENT INFORMATION (CONTINUED)

PROPERTY DEVELOPMENT (CONTINUED)

The following projects had commenced the construction work in the year:

City	Name of project	Commenced by
Ganzhou	Central Mansion	January
Xuzhou	Jewel Manor	February
Lanzhou	Infinity Vision	March
Nantong	Center Mansion II	March
Yinchuan	Private Mansion	March
Hohhot	Private Mansion	April
Lanzhou	Antara	April
Yancheng	Mansion One	April
Yangzhou	The Paragon III	April
Hefei	Central Manor III	May
Lanzhou	Paragon	May
Nanning	Infinity Vision	May
Shaoxing	Lake Mansion	July
Tangshan	Maple Palace	July
Hefei	Inner Mansion	August
Baotou	Infinity Vision	September
Huizhou	One Sino Residences	September
Lanzhou	Center Mansion	September
Hefei	Luxury Mansion	October
Huai'an	Honor Mainstays	November
Yangzhou	The Paragon IV	November
Hefei	Infinity Vision	December
Tangshan	One Sino Residences	December
Zhanjiang	Glorious City*	December

* This project is held by a joint venture of the Group

Further details of the respective projects are shown in the Particulars of Major Properties & Property Interests on page 212 to page 238 in the annual report.

At the year end, the gross floor area of properties under construction and stock of completed properties amounted to 5,875,700 sq.m. (2024: 8,004,100 sq.m.) and 3,539,100 sq.m. (2024: 3,114,500 sq.m.) respectively, totaling 9,414,800 sq.m. (2024: 11,118,600 sq.m.). Properties with gross floor area of 2,254,200 sq.m. (2024: 3,085,200 sq.m.) had been contracted for sales and were pending for handover upon completion.

Management Discussion and Analysis

SEGMENT INFORMATION (CONTINUED)

COMMERCIAL PROPERTY OPERATIONS

In respect of the commercial property operation business, the Group maintains a high-quality commercial property portfolio in the Chinese Mainland. This strategy generates stable recurring income for the Group.

Taking into consideration market conditions and its business plans, as at year end, the Group decided to change the uses for six office buildings, long-term leased apartments and shopping malls in Hefei and Zunyi from inventories of properties held for sale to investment properties for leasing out to generate rental income. In addition, a business hotel in Huizhou also opened during the year. The aggregate carrying amount of the newly added commercial properties is RMB1,543 million, which contributes to the high-quality growth of the commercial property portfolio of the Group. No fair value adjustments on such reclassifications were recognized during the year.

As at 31 December 2025, the aggregate carrying amount of commercial properties held by the Group Series of Companies amounted to RMB8,066 million (2024: RMB6,991 million).

For the year ended 31 December 2025, the commercial property operation business (including non-consolidated projects) of the Group Series of Companies achieved turnover amounting to RMB536 million (2024: RMB499 million), representing an increase of 7.4% against 2024, which derived from the total leased area amounted to nearly 549,600 sq.m. (2024: 484,500 sq.m.), representing an increase of 13.4% against 2024, comprising commercial properties including eight office buildings, twelve shopping malls and commercial area, five hotels, and two long-term leased apartments, which situated in twelve operating cities in the Chinese Mainland.

For the year ended 31 December 2025, the revenue of the Group for this segment amounted to RMB493 million (2024: RMB484 million), of which RMB304 million (2024: RMB298 million) arose from commercial property rental income and RMB189 million (2024: RMB186 million) arose from hotel and other commercial operations. The commercial property operation business remained on a stable growth in general.

In respect of the investment properties, no fair value adjustment was recognized for the year (2024: Nil).

Overall, the segment profit for the year decreased by RMB36 million against 2024 to RMB157 million (2024: RMB193 million).



Huizhou China Overseas Hilton Hotel

Management Discussion and Analysis

FINANCIAL RESOURCES AND LIQUIDITY

The Group has consistently adopted prudent financial management approach and its financial condition remained healthy. The Company and its subsidiaries have gained multiple accesses to funds from both investors and financial institutions in the Chinese Mainland, Hong Kong and international market to meet its requirements in working capital, refinancing and project development. During the year, financing channels in the Chinese Mainland and Hong Kong remained readily accessible, underscoring the Group's competitive strengths. The Group also continues to successfully expand new financing channels.

In respect of financing in the Chinese Mainland, under the favourable corporate financing environment, the Group successfully issued additional tranches of corporate bonds in the Chinese Mainland during the year, totalling an aggregate amount of RMB2,800 million. Those tranches of bonds had maturities of three to five years with coupon rates of between 2.4% and 2.7% per annum. Furthermore, the Group has additionally drawn down a total of RMB1,140 million of operating property loans through its commercial properties with a tenure of between 10 to 15 years during the year. During the year, the Group continued securing financings in the Chinese Mainland at lower interest rates, effectively controlling financing costs and maintaining the Group's cost of funds at the low end within the industry.

In respect of financing in Hong Kong, during the year, the Group arranged a RMB3.1 billion club loan with nine banks, representing the largest facility in the history of the Group in Hong Kong. Following the work from last two years, the Group continued refinancing of HKD floating rate bank loans into RMB fixed rate bank loans with lower interest rates during the year according to market conditions. Furthermore, as Hong Kong Interbank Offered Rate ("HIBOR") has generally fallen this year as compared to last year, interests arising from the remaining Hong Kong Dollar ("HKD") bank loans has also been lowered against last year. This further helped lower the Group's overall financing costs in Hong Kong during the year.

During the year, the Group secured an aggregate amount of RMB23,960 million of new credit facilities from leading financial institutions. After taking into account drawdowns of RMB17,106 million, repayment of loans of RMB14,030 million and decrease of RMB89 million due to translation effect, total bank and other borrowings (excluding guaranteed notes and corporate bonds) increased by RMB2,987 million as compared to that at the 2024 year end to RMB33,907 million (2024: RMB30,920 million).

As at 31 December 2025, the total bank and other borrowings (excluding guaranteed notes and corporate bonds) included RMB loans of RMB32,417 million (2024: RMB27,146 million) and HKD loans of HK\$1,658 million (equivalent to RMB1,490 million) (2024: HK\$4,020 million <equivalent to RMB3,774 million>). About 95.6% and 4.4% (2024: 87.8% and 12.2%) of the Group's total bank and other borrowings (excluding guaranteed notes and corporate bonds) were denominated in RMB and HKD respectively.

As at 31 December 2025, bank and other borrowings amounted to RMB15,062 million (2024: RMB12,862 million) were charged at fixed interest rates ranging from 2.5% to 4.0% (2024: 2.8% to 4.9%) per annum, while the remaining bank and other borrowings of RMB18,845 million (2024: RMB18,058 million) were charged at floating interest rates ranging from 2.4% to 4.7% (2024: 2.5% to 6.3%) per annum. About 44.4% and 55.6% (2024: 41.6% and 58.4%) of the Group's total bank and other borrowings (excluding guaranteed notes and corporate bonds) were charged at fixed and floating interest rates respectively. About 27.9% (2024: 31.5%) of bank and other borrowings is repayable within one year.

Management Discussion and Analysis

FINANCIAL RESOURCES AND LIQUIDITY (CONTINUED)

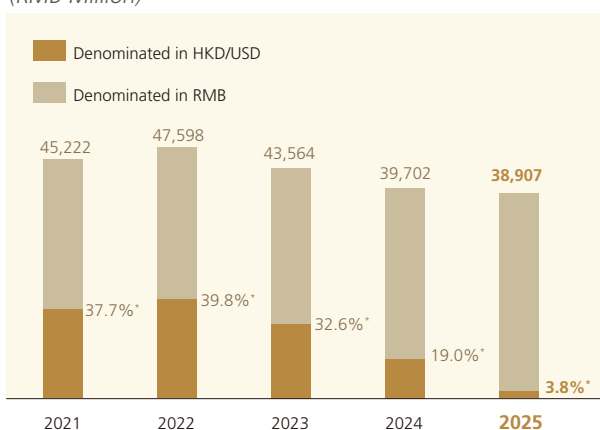
As at 31 December 2025, the outstanding corporate bonds issued by the Group in the Chinese Mainland amounted RMB5,000 million (2024: RMB5,000 million). The Group's United States Dollar ("USD") 512 million guaranteed notes were early redeemed in November 2025.

To rein in financing costs, the Group continued to reduce its overall debt levels during the year. As at 31 December 2025, the Group's total borrowings (including guaranteed notes and corporate bonds) amounted to RMB38,907 million (2024: RMB39,702 million), which decreased by RMB795 million and of which about 96.2% and 3.8% (2024: 81.0% and 19.0%) were denominated in RMB and HKD/USD respectively. The increase in the ratio of total borrowings denominated in RMB compared to 2024 was mainly due to the continuing increase in the ratio of bank borrowings denominated in RMB in Hong Kong and the early redemption of USD guaranteed notes during the year. As at 31 December 2025, the average tenure of total borrowings of the Group was extended to 3.3 years (2024: 2.5 years).

For the year ended 31 December 2025, in respect of total borrowings (including guaranteed notes and corporate bonds) of the Group, the weighted average borrowing cost for the year was 3.4% per annum, which decreased from 4.1% per annum in 2024. The decrease in overall borrowing cost of the Group was mainly attributable by the combined effect of the decrease in weighted average borrowing cost for the borrowings of the Group in the Chinese Mainland from 3.7% per annum during the prior year to 3.1% per annum during the current year due to the ongoing availability of the respective financing with lower interest rates; and the decrease in weighted average borrowing cost for the borrowings of the Group in Hong Kong from 4.5% per annum during the prior year to 3.7% per annum during the current year due to the continuing increase in the ratio of the respective bank borrowings denominated in RMB with lower interest rates and the general decrease in HIBOR during the year.

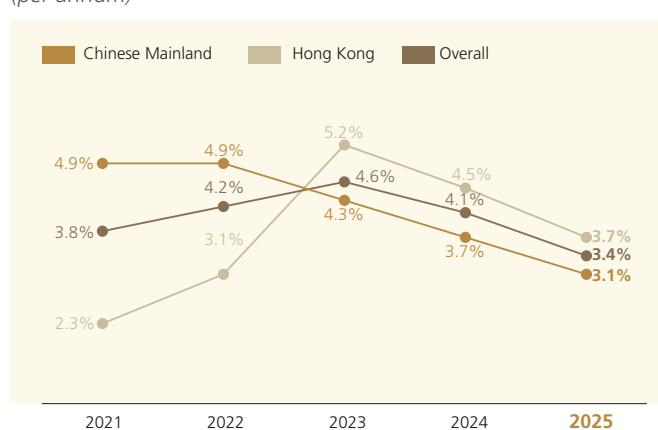
Total Borrowings

(RMB Million)



Weighted average borrowing cost

(per annum)



* Ratio of total borrowings denominated in HKD/USD

Management Discussion and Analysis

FINANCIAL RESOURCES AND LIQUIDITY (CONTINUED)

Sales deposits collection from properties sales remained satisfactory during the year. Receipts from sales of the Group Series of Companies reached RMB33,560 million for the year with the cash collection ratio exceeded 104.3%. Despite the Group's expenditure on new land acquisitions increasing significantly by more than RMB6 billion during the year compared to 2024, the operating cash flow of the Group continued to record a net inflow of RMB2,187 million for the year. Cash and bank balances was RMB26,865 million (2024: RMB27,291 million) in total as at 31 December 2025, which accounted for 22.6% of the Group's total assets as at 31 December 2025 (2024: 21.1%), which continued to maintain at a very healthy level. Of which, 99.5% (2024: 99.6%) was denominated in RMB while the remaining were in HKD and USD.

As at 31 December 2025, net working capital of the Group amounted to RMB58,879 million (2024: RMB59,436 million), with a current ratio of 2.2 (2024: 2.0).

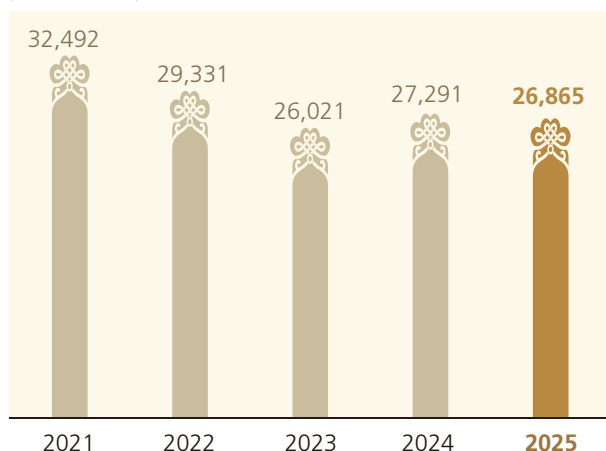
As at 31 December 2025, the net gearing ratio, expressed as a percentage of net debts (i.e. total borrowings, including guaranteed notes and corporate bonds, net of cash and bank balances and restricted cash and deposits) to total equity, was 31.7% (2024: 33.1%). The liabilities-to-assets ratio of the Group was 67.9% (2024: 70.9%) which continuously improved over the past few years. The management closely monitors the financial position of the Group to ensure healthy development of the operation scale and business.

Besides, according to the "Three Red Lines" real estate financial supervision policy in the Chinese Mainland, as at 31 December 2025, the liabilities-to-assets ratio (excluding pre-sales proceeds) was 61.4% (2024: 63.0%); net gearing ratio was 31.7% (2024: 33.1%) and cash-to-short-term debt ratio was 1.8 times (2024: 1.7 times). Therefore, the Group did not breach any of the red lines and maintained as a "Green Category" enterprise, and the above-mentioned indicators continue to improve over the past few years at a healthy level.

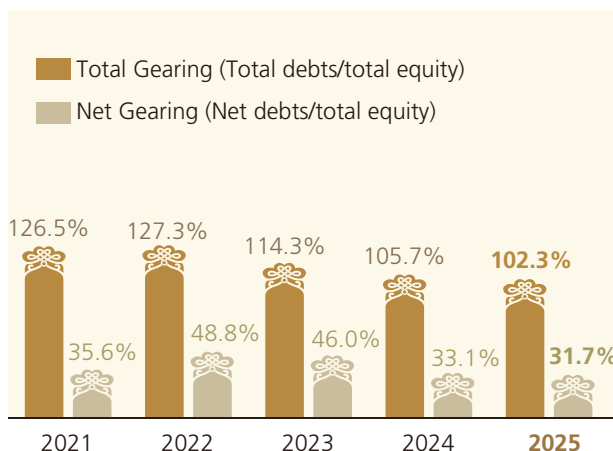
Taking into account of the unutilized bank credit facilities available to the Group of RMB12,940 million (2024: RMB10,475 million), the Group's total available funds (including cash and bank balances) reached RMB39,805 million (2024: RMB37,766 million) as at 31 December 2025.

Cash and Bank Balances

(RMB Million)



Gearing Ratio



Management Discussion and Analysis

FINANCIAL RESOURCES AND LIQUIDITY (CONTINUED)

In view of rapidly-changing property and capital market conditions and government policies and regulations, liquidity risk management is essential to support the sustainability of business growth of the Group. The Group continues to implement centralized management policies in financing and cash management, maintains good cash flow and minimizes its financial risks to ensure healthy operations and financial positions. While the international environment is complex and dynamic and financial market is also volatile, the Group maintains close communication with financial institutions, and ensures the continual fulfillment of the financial covenants and receiving of continual supports from all parties.

The Group regularly re-evaluates its operational and investment status, monitors the financial market and explores opportunities to invest in property development projects in co-operation with reliable business partners through the business models of associates and joint ventures to improve its capital structure continuously.

FOREIGN EXCHANGE EXPOSURE

As the Group conducted its sales, receivables and payables, expenditures and part of the borrowings in RMB for its property development business in the Chinese Mainland, the management considered a natural hedge mechanism existed in that operation.

However, as at 31 December 2025, about 3.8% (2024: 19.0%) of the Group's total borrowings (including guaranteed notes and corporate bonds) were still denominated in HKD/USD. Hence, by taking into account of the debt financing structure, the Group is subject to foreign exchange risk from the volatility of HKD/USD against RMB exchange rate.

If HKD/USD appreciates/depreciates against RMB, it would record a(n) decrease/increase in the net assets value and financial results presented in RMB.

The Group has not entered into any derivative financial instruments either for hedging or speculative purpose during the year.

COMMITMENTS AND GUARANTEE

As at 31 December 2025, the Group had commitments totaling RMB9,651 million (2024: RMB12,152 million) which mainly related to land premium, property development and construction works.

In addition, the Group issued guarantees to certain banks and government agencies for facilitating end-user mortgages in connection with its property sales in the Chinese Mainland as a usual commercial practice with an aggregate amount of RMB8,919 million (2024: RMB15,861 million) and to certain banks for the credit facilities granted to certain associates and joint ventures with an aggregate amount of RMB89 million (2024: RMB290 million).

Management Discussion and Analysis

CAPITAL EXPENDITURE AND CHARGES ON ASSETS

The Group had capital expenditures totaling RMB8 million (2024: RMB5 million) during the year, mainly included additions of investment properties, right-of-use assets, as well as additions of land and buildings, vehicles and furniture, fixtures and office equipment within property, plant and equipment.

As at 31 December 2025, the Group obtained property project development loans of RMB2,138 million (2024: RMB1,602 million) and operational property loans of RMB3,469 million (2024: RMB2,514 million), respectively, from certain banks in the Chinese Mainland. These loans were secured by the following assets, including:

- (i) certain inventories of properties with an aggregate carrying value of RMB4,818 million (2024: RMB7,196 million);
- (ii) certain investment properties with an aggregate carrying value of RMB4,157 million (2024: RMB3,809 million); and
- (iii) certain property, plant and equipment and the related right-of-use assets with an aggregate carrying value of RMB117 million (2024: Nil).

EMPLOYEES

As at 31 December 2025, the Group has 2,218 employees (2024: 2,429). The decrease in the number of employees was mainly due to the streamline of organizational structure and staffing to meet the requirements of different development stages of the Group during the year.

The Group is keen to motivate and nourish talent and reviews the remuneration policies and packages on a regular basis to recognize employee contributions and respond to changes in the employment market. The pay levels of the employees are determined based on their responsibilities, performance and the prevailing market condition. Discretionary bonus was paid to employees based on individual performance while other remuneration and benefits, including the provident fund contributions/retirement pension scheme, remained at appropriate levels. Different trainings and development opportunities continued to be offered to sharpen employees' capabilities to meet the pace of business growth.

KEY RISKS FACTORS AND UNCERTAINTIES

The Group monitors the development of the industry on regular basis and timely assesses different types of risks in order to formulate proper strategies to minimize the impact to the Group. The following contents list out the key risks and uncertainties identified by the Group:

DEBT REPAYMENT RISK

Financial markets are complex and volatile. As a capital-intensive sector, cash flow management is a key risk for property developers. Risks include potential shortfalls in expected sales receipts or the inability to refinance maturing debt. In addition, peer credit performance, changing regulations, geopolitics and shifting macroeconomic conditions could affect the Group's funding access and increase working capital pressures.

The Group will continue accelerating property sales and cash collection while replenishing land bank reserves prudently. It will also appropriately adjust the development pace according to market conditions, strengthen inventory management and explore diversified funding channels to ensure robust cash flows and maintain a strong financial position. The Group aims to sustain good cooperation with financial institutions and meet financing commitments and regulatory requirements.

Management Discussion and Analysis

KEY RISKS FACTORS AND UNCERTAINTIES (CONTINUED)

MARKET RISK

The real estate market of the Chinese Mainland is susceptible to different factors such as government policies and regulations, economic growth, social environment, customer demands, etc.

The Group closely monitors changes in the business environment and regulations, and timely evaluates their impact to formulate sustainable development strategies. It will further boost product research and development, improve standardization, and gradually increase the supply of renovated flats to cater to customer demand changes. This enhances project quality. Additionally, construction schedules will be flexibly adjusted based on sales performance to ensure supply while reducing potential inventory pressure.

INVESTMENT RISK

The property market in the Chinese Mainland diverges with uneven growth among different cities and districts. Under the city-specific policies, it is critical for the Group to replenish and acquire suitable land bank at suitable sites at reasonable price for healthy and sustainable growth.

The Group sticks firmly to its prudent investment approach and expands its operating scale in an organized manner. The Group would continue to perform comprehensive due diligence review on new business opportunities and selected cautiously appropriate projects meeting its requirements for investment. At the same time, co-operation with strong and reputable corporations for developing projects jointly are considered to balance operational risks.

FOREIGN EXCHANGE RISK

In recent years, volatility in RMB's exchange rate has increased due to global economic uncertainties. Under the existing debt financing structure, the Group is subject to foreign exchange risk from the volatility of HKD/USD against RMB exchange rate.

The Group continues to strengthen currency risk management and closely monitor the fluctuations in HKD/USD against RMB exchange rate. With a view to balancing financing costs and risks, the Group closely monitors market moves to optimize the RMB to HKD/USD debt portfolio mix as needed. Different funding options are also evaluated by the Group to mitigate risks from foreign exchange movements.

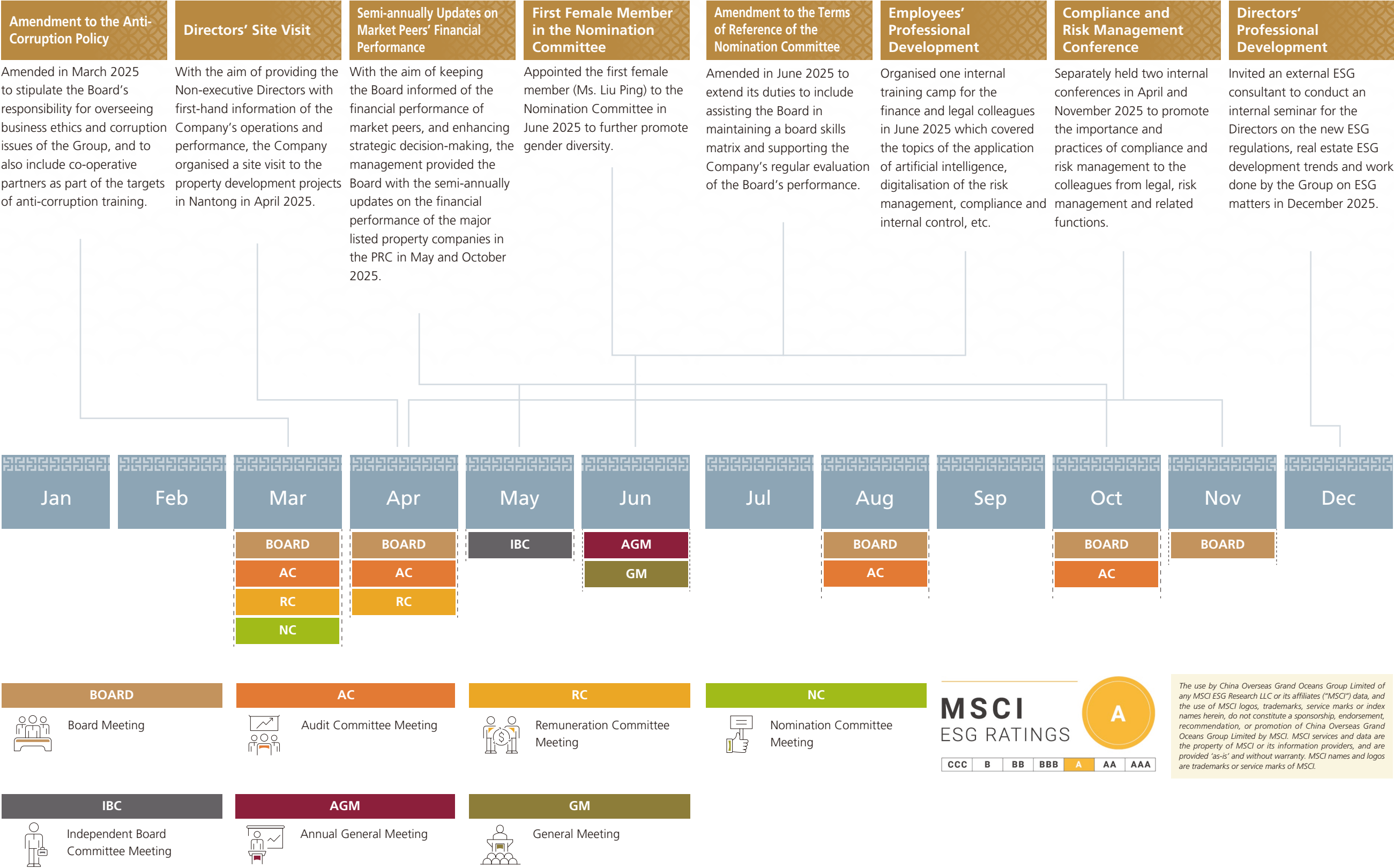
PRODUCT QUALITY RISK

Property developer has to manage the risk of work quality of major contractors. Reputation of the developer would be affected by sub-standard housing products arising from improper work procedures and poor site management.

With extensive experience in the property development business, the Group has established a well-defined quality assessment system and would strictly regulate the construction work process in order to ensure smooth progress and quality assurance of the property development projects.

Corporate Governance Report

2025 AT A GLANCE



Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Group strives to raise the standards of corporate governance and regards corporate governance as part of value creation. This reflects the commitment of the Board and senior management to abiding by the standards of corporate governance, as well as the commitment to maintaining transparency and accountability to maximise the value of the Shareholders as a whole.

The Company has applied the corporate governance principles and complied with all the code provisions (where applicable, some of the recommended best practices) set out in the CG Code for the year ended 31 December 2025.

CORPORATE CULTURE, MISSION, VISION AND VALUES

The Group adheres to China Overseas' corporate culture of "Leading", which signifies that the Group will incessantly leap over boundary, proactively pioneer and lead the industry, and dauntlessly chart new territory. The Group also takes on the mission of "We Manage Happiness", strives to achieve the vision of "Becoming an Exceptional Global Property Development and Operation Corporation", and, at all times, upholds the core values of "Customer-Oriented, Quality Assurance, Value Creation". In addition, the Group acts in the spirit of "Craftsmanship in COGO", entailing the meticulous quality of its projects, polishing its products into perfection, securing market share with its superb products and premium services, and endlessly making strides while continuously driving innovation. This dedication qualifies the Group as a "Four Excellences" enterprise, encompassing "Excellent Products", "Excellent Services", "Excellent Effectiveness" and "Excellent Citizenship". The Group fosters the felicity of its customers and embraces its social responsibilities. While carrying the "Grand" ambitions and sailing across the boundless "Oceans", the Group will continue to collaborate, work diligently, and forge ahead with all one's heart every day in order to fulfill its mission and vision.

CORPORATE CULTURE

Leap Over Boundary
Pioneer and Lead the Industry
Chart New Territory

	Vision Become an Exceptional Global Property Development and Operation Corporation		Mission Manage Happiness
	Core Values ☆ Customer-Oriented ☆ Quality Assurance ☆ Value Creation		Corporate Spirit Forge Ahead with All One's Heart Every Day
	Brand Concept Build Happiness and Lead the Trend		Talent Concept Assemble the Enterprising Ones Motivate the Promising Ones

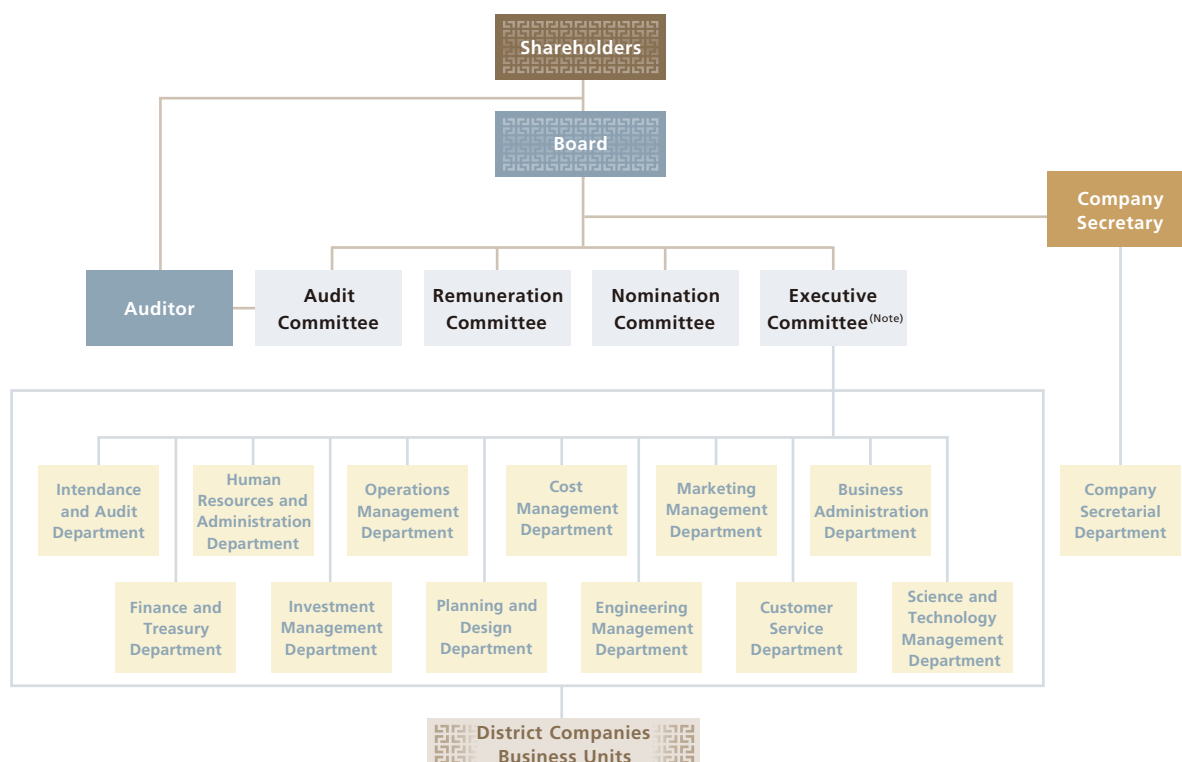
Corporate Governance Report

CORPORATE STRATEGY AND BUSINESS MODEL

The Group's businesses encompass "One Body", being the properties held for sale, and "Two Wings", being the properties held for investment and the innovative properties, forming as its business framework and operational characteristics, "developing residential properties as the core business while holding core commercial properties as the long term investment". Furthermore, based on the Group's "12345" quality product framework, the Group builds excellent products. The Group also upholds the principle of "what you see is what you get", the product quality principle of "Impeccable Process, Impeccable Properties", and the service principle of "Customer First, Steadfast Services" in order to elevate customer satisfaction. On the other hand, the Group has followed the national policy and formulated "Carbon Peaking and Carbon Neutrality" strategies. The Group continues to make large strides towards the carbon targets in three dimensions by creating the prototype of green operation, implementing the low carbon management of projects throughout their whole life cycle and converting the value chain into a green and low carbon value chain. Details of the Group's business review and financial review for the year 2025 are set out in the "Chairman's Statement" and "Management Discussion and Analysis" sections in this annual report, and the details of the Group's sustainable development are set out in the Company's "Environmental, Social and Governance Report".

CORPORATE GOVERNANCE STRUCTURE

The Board has established a comprehensive governance structure. With the support of and collaboration among four board committees (the "Board Committees" or "Committees", i.e. Audit Committee, Remuneration Committee, Nomination Committee and Executive Committee), Company Secretary, external auditor and every department, the Board comprehensively implements the Group's good governance practices and policies. The major responsibilities and roles of the Board and each Board Committee and the explanations of the corporate governance practices and policies are set out in this report. Below is the governance structure of the Group:



Note: Comprises all the Executive Directors.

Corporate Governance Report

BOARD OF DIRECTORS

MANAGEMENT FUNCTIONS

The Board is the highest decision-making and managing body of the Company. Having regard to the best interests of the Company and the Shareholders, the Board reviews and approves major matters such as the Company's business strategies, budgets, major investments as well as mergers and acquisitions. In addition, the Directors have acknowledged that the principal responsibilities of the Board include supervising and administering the operation and financial position of the Company, enhancing corporate governance practices and promoting the communication with the Shareholders and engagement with stakeholders.

With respect to the day-to-day operations of the Company's business, the Board has delegated its powers to the Executive Committee and the management by giving clear directions as to the management's powers, and as to when the management should report back and obtain prior board approval before making decisions or entering into any commitments on behalf of the Company. The Board also reviews the arrangements to ensure that they remain appropriate to the Company's needs.

BOARD COMPOSITION

The Board currently comprises the following eight Directors and has an appropriate mix of skills, experience, expertise and diversity which underpin its effectiveness and efficiency. Full biographies of the current Directors are set out in the section headed "Directors and Organisation" of this annual report. An updated list of Directors identifying their roles and functions is also available on the Company's website and on the Stock Exchange's website.

Name of Directors	Years on Board	Current Period of Appointment ^(Note)
Executive Directors		
Mr. Zhuang Yong (<i>Chairman</i>)	5 Years	2 Years
Mr. Yang Lin (<i>CEO</i>)	9 Years	2 Years
Mr. Zhou Hancheng (<i>Vice President</i>)	2 Years	1 Year
Non-executive Directors		
Mr. Yung Kwok Kee, Billy (<i>Vice Chairman</i>)	16 Years	1 Year
Ms. Liu Ping	1 Year	2 Years
Independent Non-executive Directors		
Dr. Chung Shui Ming, Timpson	15 Years	3 Years
Mr. Lam Kin Fung, Jeffrey	15 Years	2 Years
Mr. Fan Chun Wah, Andrew	2 Years	1 Year

Note: Current Period of Appointment refers to the period of appointment since such Director's last re-appointment.

Corporate Governance Report

BOARD OF DIRECTORS (CONTINUED)

BOARD COMPOSITION (CONTINUED)

Board Skills Matrix

The Board skills matrix below identifies the collective experience, skills, qualifications and expertise possessed by the Board which are most relevant to the Company. These enable the Board to effectively discharge its duties in support of the Company's mission, vision, purpose, core values, corporate culture and corporate strategy. The Board considers the current skills mix sufficient to achieve corporate objectives. Nevertheless, the Board will continue to enhance its capabilities through the following action plans:

BOARD SKILLS MATRIX											
Skill Area	Expertise Level	Relevance to Strategy	Mr. Zhuang Yong	Mr. Yang Lin	Mr. Zhou Hancheng	Mr. Yung Kwok Kee, Billy	Ms. Liu Ping	Dr. Chung Shui Ming, Timpson	Mr. Lam Kin Fung, Jeffrey	Mr. Fan Chun Wah, Andrew	Action Plans to Expand Skills and Expertise
PRC Property Development	Strong	Ensures informed decision-making and strategic alignment within the Chinese market.	★	★	★	★	★	★			Continues to provide property market updates to the Board regularly and conducts gap analysis to improve.
PRC Commercial Operations (Leasing & Hotel)	Strong	Critical for optimising revenue streams and enhancing operational efficiency in the commercial leasing and hospitality sectors.	★	★	★	★	★	★			Continues to provide property market updates to the Board regularly and conducts gap analysis to improve.
Executive Leadership	Strong	Guides overall strategic direction and fosters a high-performance organisational culture.	★	★	★	★	★	★	★	★	Conducts continuous self-assessment and leadership program.
Business Operations	Strong	Enhances operational effectiveness and responsiveness to market demands.	★	★	★	★	★	★	★	★	Continues to provide property market updates to the Board regularly.
Financial Acumen	Strong	Essential for prudent financial planning, budgeting, and maximising returns on investments.		★	★		★	★		★	Continues to provide updates on the financial performance of the major listed property companies in the PRC to the Board regularly.
Risk Management and Compliance	Strong	Ensures adherence to regulations and effective mitigation of potential risks associated with property development.			★		★	★	★	★	Continues to provide regulation updates and seminars to the Board, and attends and receives training from time to time.
Corporate Governance	Strong	Strengthens accountability and ethical standards within the Company, enhancing stakeholder trust.	★	★	★	★	★	★	★	★	Continues to provide regulation updates and seminars to the Board, and reviews internal policies regularly.
Public Administration	Moderate to Strong	Supports effective engagement with government bodies and compliance with public policies.				★		★	★	★	Continues to provide relevant updates to the Board.

Corporate Governance Report

BOARD OF DIRECTORS (CONTINUED)

BOARD COMPOSITION (CONTINUED)

Board Skills Matrix (continued)

BOARD SKILLS MATRIX											
			Mr. Zhuang Yong	Mr. Yang Lin	Mr. Zhou Hancheng	Mr. Yung Kwok Kee, Billy	Ms. Liu Ping	Dr. Chung Shui Ming, Timpson	Mr. Lam Kin Fung, Jeffrey	Mr. Fan Chun Wah, Andrew	Action Plans to Expand Skills and Expertise
Skill Area	Expertise Level	Relevance to Strategy									
Accounting, Finance, and Risk Management	Strong	Provides robust oversight and strategic financial guidance, crucial for financial health.		★	★		★	★		★	Continues to provide updates on the financial performance of the major listed property companies in the PRC to the Board regularly.
Construction and Engineering	Moderate to Strong	Provides insights into project feasibility, execution, and quality assurance in developments.	★			★			★		Provides seminar and workshops to strengthen the skills, and hires employees with relevant experience.

Explanation of Skills, Experience, and Diversity

The combination of skills, experience, and diversity within the Board is instrumental in fulfilling the Company's purpose, values, strategy, and desired culture.

Purpose and Values: The Board is committed to enhancing urban living and creating sustainable communities. The diverse expertise in property development and operations enables informed decisions that align with the Company's mission to deliver high-quality, innovative real estate solutions while upholding ethical standards and community interests.

Strategic Alignment: By leveraging a broad spectrum of skills – from financial acumen to risk management – the Board can effectively navigate the complexities of the property market in the PRC. This strategic capability is vital for identifying growth opportunities, optimizing performance, and ensuring the long-term viability of the Company's projects.

Cultural Fit: The diverse backgrounds of the Directors foster an inclusive culture that values different perspectives, encouraging open dialogue and collaborative problem-solving. This diversity enhances the Company's ability to innovate and adapt, which is crucial in a rapidly changing industry. It also reflects the Company's commitment to equality and inclusiveness, which are central to the corporate values.

Stakeholder Engagement: Directors with experience in public administration and stakeholder engagement strengthen the relationships with government entities, community leaders, and investors. This ability to engage effectively with all stakeholders is essential for building trust, enhancing the corporate reputation, and facilitating smoother project execution.

Resilience and Adaptability: The combination of varied experiences equips the Board to anticipate challenges and respond proactively. This resilience is critical in maintaining the Company's competitive edge and adapting to changing market dynamics, ultimately supporting the strategic objectives.

Corporate Governance Report

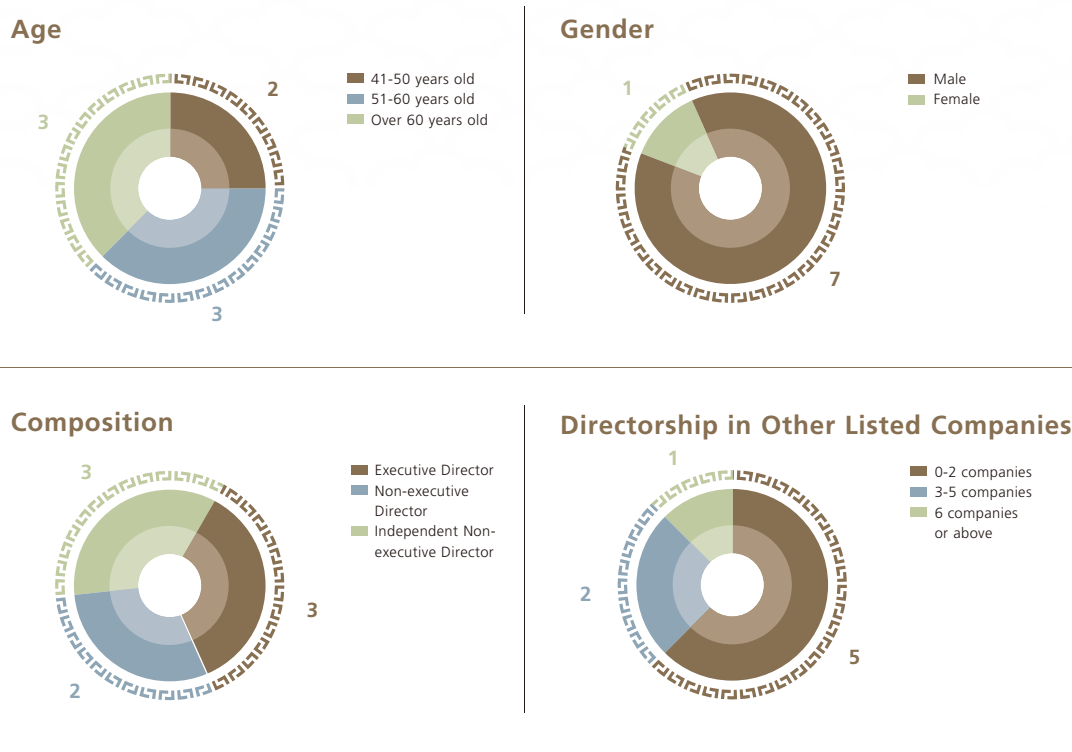
BOARD OF DIRECTORS (CONTINUED)

BOARD COMPOSITION (CONTINUED)

Board Diversity

The Company recognises and embraces the advantages of diversity at the Board level and considers it as essential element in supporting the attainment of the Company's strategic objectives and sustainable developments. The Board has adopted in 2013 and revised in 2022 the board diversity policy (the "Diversity Policy") to promote and achieve diversity of the Board. The policy requires that all Board appointments shall be based on merit and selection of candidates shall be based on a range of diversity factors (including but not limited to gender, age, cultural and education background, and professional experience). The Nomination Committee is responsible for developing measurable objectives to implement the Diversity Policy and for monitoring progress towards the achievement of these objectives. The Diversity Policy also applies to the employees of the Company. The Nomination Committee and the Board review the implementation and effectiveness of the Diversity Policy annually. The [Diversity Policy](#) is available on the website of the Company. 

The following charts show the diversity profile of the Board as at 31 December 2025:



Corporate Governance Report

BOARD OF DIRECTORS (CONTINUED)

BOARD COMPOSITION (CONTINUED)

Board Diversity (continued)

Gender Diversity

As at the date of this annual report, the Board comprises eight Directors, of whom seven are male while one is female, and the representation of female Director on the Board is above 10%. The Company targets to maintain at least 10% female representation on the Board. Having appointed a Director of different gender to the Nomination Committee in June 2025, the Company will continue to use its best endeavours to ensure gender diversity when recruiting staff at senior level or promoting staff to senior level so that it will have a pipeline of potential female successors to the Board.

The Company targets for the proportion of female employees of the Group to maintain at least 43.0%. As at 31 December 2025, the proportion of female employees of the Group was 43.4% (31 December 2024: 43.2%). As at both 31 December 2024 and 2025, there was no female senior management (as defined in this annual report). Since the principal business of the Group is property development, which is one of the industries with the highest proportion of male employees, it is relatively challenging to achieve gender diversity of employees. However, the Group fully acknowledges the importance of diversity mindset at executive level. In order to achieve the target of gender diversity, the Company will continue to endorse gender balance at the workplace and encourage to uphold the core values of inclusivity and openness while pledging to the principle of selecting and deploying human resources based on merits. Also, it will ensure equal opportunities during the processes of employment, promotion and determining the remuneration, and consider the capabilities, performance and qualifications during such processes. The Company will not prejudice or treat differently on account of the candidate's gender, and will continuously promote the level of diversity of the Group.

Board Independence

Board Independence Mechanisms

In 2022, the Board has established mechanisms for ensuring Board independence (the "Board Independence Mechanisms") in order to have independent views and input available to the Board, which allows it to effectively exercise independent judgement to better safeguard the Shareholders' interests. The Board Independence Mechanisms are reviewed by the Board annually to ensure the implementation and effectiveness. The mechanisms cover different aspects of the corporate governance framework to ensure an element of independence on the Board, including the recruitment process of the Independent Non-executive Directors, number of Independent Non-executive Directors on the Board, access to additional information from the management and/or external professional advisers during the decision making process and the annual board independence evaluation. Channels are also made available to the Independent Non-executive Directors to discuss different matters of the Company with the Chairman of the Board without the presence of other Directors so as to maintain the high degree of independence in the Board. The [Board Independence Mechanisms](#) are available on the website of the Company. 

During the year, the Company has complied with Rules 3.10 and 3.10A of the Listing Rules regarding the appointment of at least three independent non-executive directors including at least one independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise, and the independent non-executive directors representing at least one-third of the board.

The Board has received annual written confirmation of independence from each of the Independent Non-executive Directors and believes that, as at the date of this annual report, all Independent Non-executive Directors are independent of the Company in accordance with the relevant requirement of the Listing Rules.

Relationship between Board Members, and between Chairman and CEO

To the best knowledge of the Company, except that Mr. Zhuang Yong is a director of COLI and Ms. Liu Ping is an employee of COLI, there is no relationship, including financial, business, family or other material/relevant relationships, between the Directors or between the Chairman and the CEO.

Corporate Governance Report

BOARD OF DIRECTORS (CONTINUED)

CHAIRMAN AND CEO

The roles between the Chairman of the Board and the CEO are separate to ensure a balance of power and authority.

Mr. Zhuang Yong is the Chairman of the Board to lead and manage the Board. He is also responsible for ensuring that before any meeting is held, all Directors receive adequate, accurate, clear, complete and reliable information in a timely manner and all Directors are properly briefed on issues arising at the meetings. He encourages all Directors to make a full and active contribution to the Board's affair and ensures that the Board acts in the best interests of the Company. All Directors are given opportunities and sufficient time to share their views and discuss on the issues in order to make a decision which reflects the Board's consensus.

The Chairman promotes a culture of openness and debate in the Board by facilitating the effective contribution of all Directors and ensuring constructive relations between Executive Directors and Non-executive Directors (including Independent Non-executive Directors). He also ensures that the Board works effectively and performs its responsibilities, good corporate governance practices and procedures are established, and appropriate steps are taken to provide effective communication with Shareholders and those views of Shareholders are communicated to the Board as a whole. The Chairman also holds meetings annually with the Independent Non-executive Directors to discuss corporate governance and other matters without the presence of other Directors.

Mr. Yang Lin is the CEO, responsible for the implementation of strategies and objectives set by the Board and for day-to-day management of the Company's businesses.

APPOINTMENTS, RE-ELECTION AND REMOVAL

In accordance with the articles of association of the Company, one-third of the Directors will retire from office by rotation for re-election by Shareholders at the annual general meeting and every Director is subject to retirement by rotation at least once every three years. In addition, any new appointment to the Board is subject to re-appointment by Shareholders at the upcoming general meeting.

All Directors have entered into service contracts or letters of appointment with the Company setting out the duties and responsibilities and the key terms and conditions of their appointments. All Directors are appointed with no specific term but subject to retirement by rotation and re-election in accordance with the articles of association of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a set of code of conduct for securities transactions by Directors (the "Code of Conduct"), the terms of which are not less exacting than the Model Code.

Having made specific enquiry of all Directors, the Company can reasonably confirm that the Directors had complied with the Code of Conduct throughout the year of 2025.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with the Code of Conduct.

Corporate Governance Report

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS

DIRECTORS AND OFFICERS LIABILITIES INSURANCE

The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

BOARD PROCEEDINGS

The Board held five meetings during the year and meetings are also held as and when necessary to discuss significant transactions, including material acquisitions, disposals and connected transactions, if any. The Chairman of the Board is responsible for drawing up and approving the agenda for each Board meeting with the help of the Company Secretary. The Chairman will also invite Directors to include, where appropriate, any matters in the agenda. All Directors can give notice to the Chairman or Company Secretary if they intend to include matters in the agenda for Board meetings. Before each Board meeting, notice of at least 14 days or reasonable notice of meeting was sent to each Director to promote better attendance.

SUPPLY OF AND ACCESS TO INFORMATION

Agenda and accompanying Board or Board Committee papers will be sent, in full, to all Directors or members of Committees at least three days (or other agreed period) before the intended date of a Board meeting or Board Committee meeting.

Management has supplied the Board and its Committees with adequate information and explanations so as to enable them to make informed decisions (including assessment of the financial and other information put before the Board and its Committees for approval). Management is also invited to join the Board or Board Committee meetings where appropriate. Moreover, management also supplies the Board with monthly updates on the Group's financial and operating performance, quarterly updates on the PRC's property market, and semi-annually updates on the financial performance of the major listed property companies in the PRC.

All the Directors are entitled to have access to timely information and have separate and independent access to senior management.

After meetings, draft and final versions of the minutes of the Board meetings and Committee meetings, which record the matters considered and decisions reached in sufficient detail, will be sent to all Directors and Committee members for review. The approved minutes are kept by the Company Secretary, and the Board and Committee members can inspect the documents at anytime.

All Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that the Company has followed procedures and complied with all applicable laws and regulations. Where necessary, the Directors can seek separate independent professional advice at the Company's expenses so as to discharge their duties to the Company.

To safeguard their independence and avoid any conflict of interest, Directors are required to declare their interest, if any, in any business proposals to be considered by the Board and, where appropriate, they are required to abstain from voting. In 2025, due to a potential conflict of interest, Mr. Zhuang Yong and Ms. Liu Ping voluntarily abstained from voting in one Board meeting. In addition, physical Board meetings will be held to consider all material connected transactions or any transactions in which a substantial Shareholder or a Director has material interest.

Corporate Governance Report

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (CONTINUED)

BOARD COMMITTEES

Currently, the Board has four Committees, namely, Executive Committee, Audit Committee, Remuneration Committee and Nomination Committee to implement internal supervision and control on each relevant aspect of the Company. The Board Committees are established with specific written terms of reference which deal clearly with their authority and duties. They will report to the Board on their decisions and recommendations made. [Terms of reference of Audit Committee, Remuneration Committee and Nomination Committee](#) are disclosed in full on the websites of the Company and the Stock Exchange. 

EXECUTIVE COMMITTEE

The Executive Committee comprises all Executive Directors, namely Mr. Zhuang Yong (Chairman), Mr. Yang Lin and Mr. Zhou Hancheng.

Major responsibilities and functions of the Executive Committee are as follows:

- To review and approve loans or banking facilities to be granted to the Group and the opening of bank or securities related accounts matters;
- To review and monitor training and continuous professional development of Directors and senior management;
- To oversee all matters and to formulate policies in relation to the Company's corporate governance functions;
- To oversee all matters and to formulate policies (where necessary) in relation to the Company's environmental, social and governance issues; and
- To deal with any other specific business delegated by the Board.

During the year, the Executive Committee held 34 meetings (amongst other matters):

- To review and approve various bank loans and facilities, and change of bank authorised signatory; and
- To review and approve the de minimis connected transactions.

Corporate Governance Report

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (CONTINUED)

AUDIT COMMITTEE

The Audit Committee comprises all Independent Non-executive Directors, namely Dr. Chung Shui Ming, Timpson (Chairman), Mr. Lam Kin Fung, Jeffrey and Mr. Fan Chun Wah, Andrew. Among the members of the Audit Committee, Dr. Chung and Mr. Fan possess appropriate professional qualifications, accounting or related financial management experience referred to in the Listing Rules.

Major responsibilities and functions of the Audit Committee are as follows:

- To make recommendation to the Board on the appointment, re-appointment and removal of external auditor and approve the remuneration and terms of engagement of the external auditor;
- To maintain an appropriate relationship with external auditor and review the external auditor's independence and objectivity;
- To review the financial statements of the Group;
- To review with the Group's management, external auditor and internal auditor, the adequacy of the Group's policies and procedures regarding internal controls and risk management; and
- To review the risk management and monitor the scope, effectiveness and results of internal audit function.

During the year, the Audit Committee held four meetings (amongst other matters):

- To review and monitor the integrity of the Group's 2024 annual, 2025 interim and quarterly financial results and reports;
- To review the audit plans of the external auditor;
- To review the internal and independent audit results;
- To monitor the continuing connected transactions entered into by the Group;
- To review the risk management, internal control and financial reporting systems and review its effectiveness;
- To review the effectiveness of the internal audit function;
- To review the re-appointment of the external auditor and to approve their remuneration for audit and non-audit services; and
- To review the implementation and effectiveness of the anti-corruption policy and the whistleblowing policy and to approve the amendment to the anti-corruption policy.

The Audit Committee also has meetings with the auditor twice a year in the absence of management to discuss matters relating to any issues arising from audit and any other matters the auditor may wish to raise.

Corporate Governance Report

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (CONTINUED)

REMUNERATION COMMITTEE

The Remuneration Committee comprises all Independent Non-executive Directors and a Non-executive Director, namely Mr. Lam Kin Fung, Jeffrey (Chairman), Dr. Chung Shui Ming, Timpson, Mr. Fan Chun Wah, Andrew and Mr. Yung Kwok Kee, Billy.

Major responsibilities and functions of the Remuneration Committee are as follows:

- To make recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management;
- To make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management; and
- To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.

During the year, the Remuneration Committee held two meetings (amongst other matters):

- To review the remuneration policy of the Group and Directors' remunerations;
- To assess the performance of Executive Directors;
- To review and make recommendation to the Board on the remuneration package of individual Directors (including any newly appointed Director); and
- To review the implementation and effectiveness of the directors' remuneration policy.

Directors' Remuneration Policy

The remuneration of the Directors is determined by the Board with reference to certain factors such as salaries paid by comparable companies, time commitment, responsibilities of the Directors and employment conditions. The [directors' remuneration policy](#) is available on the website of the Company, summary of which is as follows: 

- Executive Directors' remuneration packages shall comprise fixed and variable components, including salary, discretionary bonus, other benefits linking to the individual's and the Company's performance, including but not limited to the financial, results-related, environmental, social and governance-related performance and levels, etc.
- Non-executive Directors shall receive fixed remuneration (comprising director's fee) to be set at an appropriate level with reference to their respective duties and responsibilities with the Company, standards for emoluments of the Company and the prevailing market conditions.
- Independent Non-executive Directors shall receive fixed remuneration (comprising director's fee) to be set at an appropriate level with reference to their respective duties and responsibilities with the Company, standards for emoluments of the Company and the prevailing market conditions and shall not receive equity-based remuneration (e.g. share options or grants) with performance-related elements.

Corporate Governance Report

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (CONTINUED)

NOMINATION COMMITTEE

The Nomination Committee comprises all Independent Non-executive Directors, an Executive Director and a Non-executive Director, namely Mr. Fan Chun Wah, Andrew (Chairman), Dr. Chung Shui Ming, Timpson, Mr. Lam Kin Fung, Jeffrey, Mr. Zhuang Yong and Ms. Liu Ping (appointed with effect from 27 June 2025).

Major responsibilities and functions of the Nomination Committee are as follows:

- To review the structure, size and composition (including the gender diversity, skills, knowledge and experience) of the Board and assist the Board in maintaining a board skills matrix;
- To identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships;
- To assess the independence of Independent Non-executive Directors;
- To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors; and
- To support the Company's regular evaluation of the Board's performance (including time commitment and contribution to the Board).

During the year, the Nomination Committee held one meeting and passed resolutions in writing (amongst other matters):

- To review and make recommendation to the Board on the rotation of Directors and appointment of a new member of the Nomination Committee;
- To review the implementation and effectiveness of the nomination policy of the Company (the "Nomination Policy"), the Diversity Policy and the Board Independence Mechanisms;
- To review and approve the amendments to the terms of reference of the Nomination Committee; and
- To review the composition and performance of the Board.

Nomination Policy

The Board has adopted in 2018 and revised in 2022 the Nomination Policy which provides that a proposal for the appointment of a new Director will be considered and reviewed by the Nomination Committee. Candidates to be selected and recommended are experienced and high calibre individuals. All candidates must be able to meet the standards and criteria set out in the Listing Rules and the Nomination Policy.

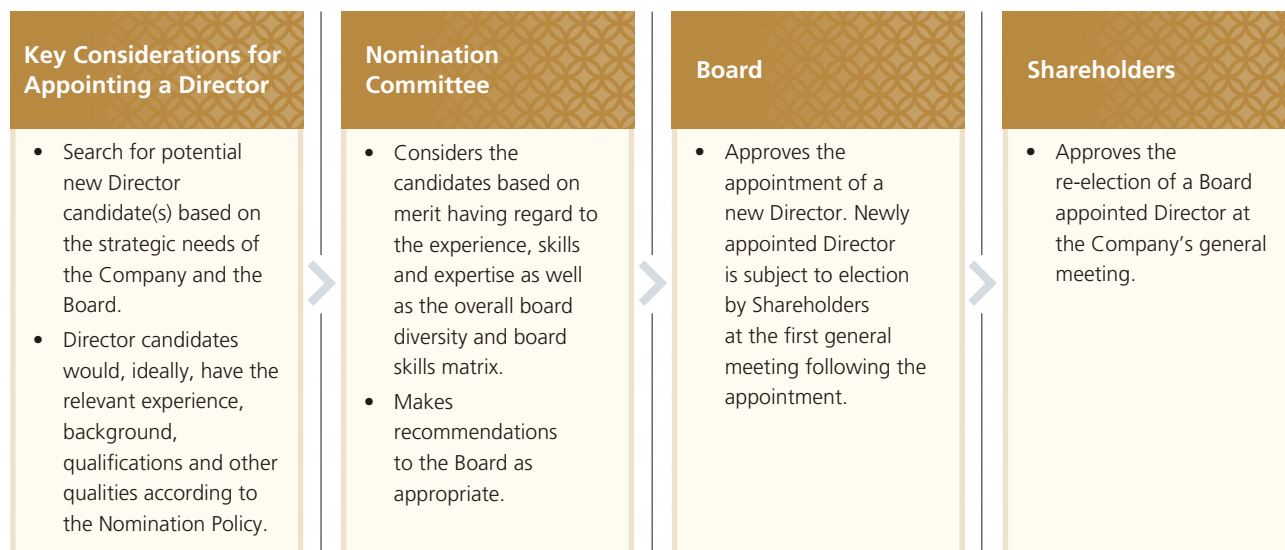
The Nomination Policy sets out the procedures, process and criteria for nominating a Director. According to the Nomination Policy, the Nomination Committee will identify and evaluate a candidate in consideration of the candidate's age, skills, knowledge, experience, expertise, professional and educational qualifications, background and other qualities, the Board's composition and diversity, and other relevant factors. After evaluation and consideration, the Nomination Committee will make recommendation to the Board on the suitability of the candidate. The [Nomination Policy](#) is available on the website of the Company. 

Corporate Governance Report

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (CONTINUED)

NOMINATION COMMITTEE (CONTINUED)

Process for Appointing a New Director



For existing Directors, they are subject to rotation at least once every three years and one-third of Board members are required to retire at the annual general meeting and are eligible for re-election.

Directors understand that they should devote sufficient time and attention to the Company's affairs, and make contributions to the Company. They provide the Company on a semi-annual basis with the level of time involved in performing their duties as Directors in the Company and offices held in other public companies or organisations and other significant external time commitments.

Corporate Governance Report

DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS (CONTINUED)

ATTENDANCE RECORDS OF DIRECTORS IN 2025

Directors' attendance records⁽¹⁾ at the Board meetings, Board Committee meetings, annual general meeting and general meeting held in 2025 and the respective attendance rate are set out in the following table:

Name of Directors	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Executive Committee Meetings	Independent Board Committee Meeting	Annual General Meeting	General Meeting
Executive Directors								
Mr. Zhuang Yong	4/5	–	–	1/1	34/34	–	1/1	1/1
Mr. Yang Lin	5/5	–	–	–	34/34	–	1/1	1/1
Mr. Zhou Hancheng	5/5	–	–	–	34/34	–	1/1	1/1
Non-executive Directors								
Mr. Yung Kwok Kee, Billy	5/5	–	2/2	–	–	–	1/1	1/1
Ms. Liu Ping ⁽²⁾	5/5	–	–	–	–	–	1/1	1/1
Independent Non-executive Directors								
Dr. Chung Shui Ming, Timpson	5/5	4/4	2/2	1/1	–	1/1	1/1	1/1
Mr. Lam Kin Fung, Jeffrey	5/5	4/4	2/2	1/1	–	1/1	1/1	1/1
Mr. Fan Chun Wah, Andrew	5/5	4/4	2/2	1/1	–	1/1	1/1	1/1
Attendance Rate	98%	100%	100%	100%	100%	100%	100%	100%

Notes:

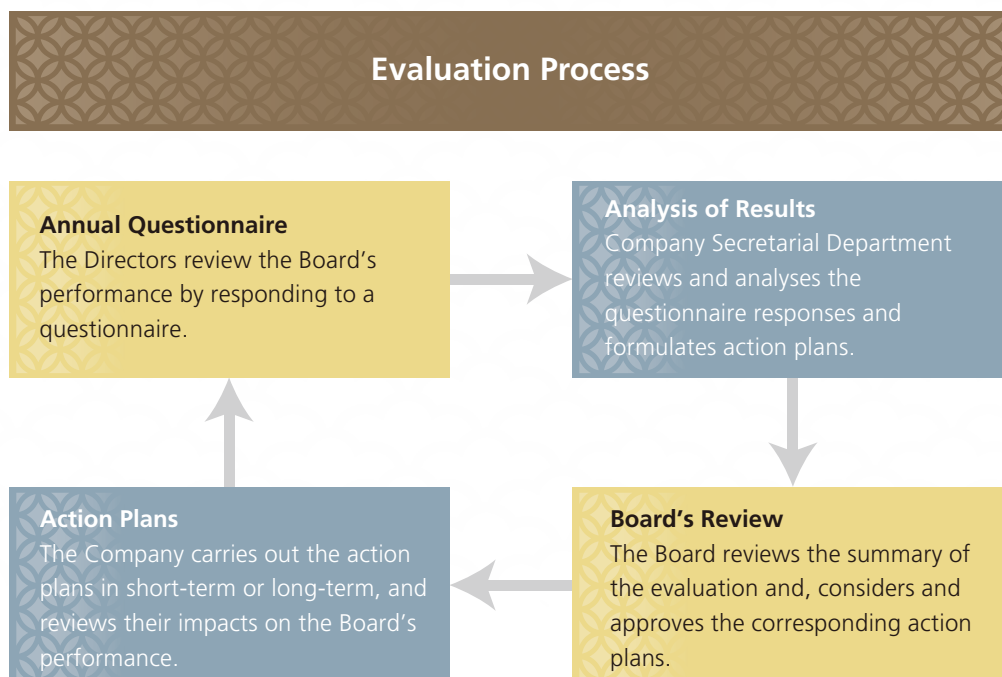
(1) The attendance figure represents actual attendance/the number of meetings a Director was entitled to attend.

(2) Appointed as a member of Nomination Committee with effect from 27 June 2025.

Corporate Governance Report

BOARD'S PERFORMANCE EVALUATION

The Company conducts an internal evaluation of the Board's performance every year. The Board regards the evaluation as an important mechanism to enhance the Board's effectiveness and performance with an ultimate goal of improving the corporate governance and organisational performance of the Company.



The Company's Company Secretarial Department is responsible for conducting the Board's performance evaluation. During the year, it has conducted an internal Board's performance evaluation in the form of questionnaire to solicit Directors' view on the effectiveness and performance of the Board, with focus on, inter alia, the following areas:

- Board composition and function;
- Board's culture and involvement;
- Board independence;
- Board's knowledge about the Company;
- Corporate governance and compliance;
- Shareholders' and stakeholders' involvements; and
- Benchmarking analysis.

Corporate Governance Report

BOARD'S PERFORMANCE EVALUATION (CONTINUED)

The Company Secretarial Department has analysed all responses to the questionnaire and, based on which, formulated the potential action plans after a thorough and comprehensive discussion with the Executive Directors and the management with the aim of enhancing the Board's performance continuously. The Board's performance evaluation summary, which includes the results and the action plans, has been presented to the Board for its review.

In overall, based on the results of the evaluation, the Directors are satisfied with the Board's performance. The Company Secretarial Department has recommended and the Board has agreed on the following actions plan:

- To organise site visit(s).

During the year, in addition to the ongoing monthly updates on the Group's financial and operating performance and the quarterly updates on the PRC's property market, the Company has provided the Directors with semi-annually updates on the financial performance of the major listed property companies in the PRC, with the aim of keeping the Board informed of the financial performance of market peers, and enhancing strategic decision-making. The Company also provided the Directors with the regulation updates from time to time to ensure they remain informed of latest relevant legal requirements. In addition, the Company has invited an external ESG consultant to conduct an internal seminar for the Directors on new Environmental, Social and Governance ("ESG") regulations, real estate ESG development trends and work done by the Group on ESG matters. To ensure all Directors have the opportunity to benefit from the seminar, a video recording has been provided to those who were unable to attend.

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

DIRECTORS' INDUCTION

Newly appointed Directors will receive a comprehensive, formal and tailored induction on the first occasion of appointment, so as to ensure that they have a proper understanding of the operations and business of the Company, and their responsibilities under laws, regulations and especially the governance policies of the Company. The first-time directors (as defined under the Listing Rules) will also complete no less than 24 hours of the continuous professional development ("CPD") required by Rule 3.09H within 18 months of the date of their appointment.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

As part of the Directors' CPD, the Company arranges trainings in the forms of seminars, online webinars and selected reading materials for them to develop and refresh their skills and knowledge, including roles, functions and responsibilities of the board, committees and directors, board effectiveness, board and directors' duties, law and regulations compliance, corporate governance and ESG matters, risk management and internal controls, and industry and business updates.

During the year, the Company had organised a seminar conducted by an external ESG consultant on the new ESG regulations, real estate ESG development trends and work done by the Group on ESG matters. Regulatory and market updates applicable to the Group (including, but not limited to, updates on PRC's real estate market, financial data benchmarking of the industry peers, corporate governance, ESG, paperless regime, treasury shares and uncertificated securities) were also provided to the Directors for their self-study.



Photos and training material of the ESG seminar

Corporate Governance Report

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT (CONTINUED)

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT (CONTINUED)

Having confirmed with all Directors, they have participated in CPD during the reporting year as required under the Listing Rules. Records of CPD (including in the format of self-study, internal and external training) received by each Director are maintained by the Company, summarized as follows:

2025 DIRECTORS' CPD RECORDS			
Mr. Zhuang Yong Topics  External Training Providers 	Mr. Yang Lin Topics  External Training Providers 	Mr. Zhou Hancheng Topics  External Training Providers 	Mr. Yung Kwok Kee, Billy Topics  External Training Providers 
Ms. Liu Ping Topics  External Training Providers 	Dr. Chung Shui Ming, Timpson Topics  External Training Providers 	Mr. Lam Kin Fung, Jeffrey Topics  External Training Providers 	Mr. Fan Chun Wah, Andrew Topics  External Training Providers 
Total Hours of all Directors: 192		Average Hours per Director: 24	

Topics of CPD:

-  : Board and Directors' Duties
-  : Listing Rules and Hong Kong Law Compliance
-  : Corporate Governance and ESG
-  : Risk Management and Internal Control
-  : Industry and Business Updates

External Training Providers:

-  : The Stock Exchange of Hong Kong Limited
-  : ESG Consultant
-  : Audit Firm

Corporate Governance Report

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT (CONTINUED)

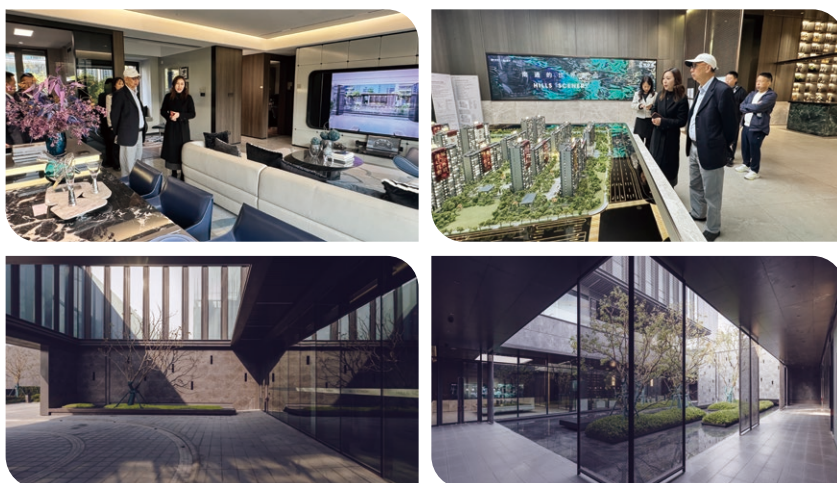
SITE VISIT

With the aim of providing the Non-executive Directors (including the Independent Non-executive Directors) with first-hand information of the Company's operations and performance, the Company organised from time to time site visits to the property development projects of the Group. In April 2025, the Company had organised one site visit to the property development projects of the Group in Nantong, namely Center Mansion (臻如府) and Hills Scenery (觀山樾). During the visit, the district company's representatives presented the projects' design concepts, development strategies and sales collection status, and also the city's urban development, current market conditions, government policies, project operations, and other aspects.

Center Mansion (臻如府)



Hills Scenery (觀山樾)



Corporate Governance Report

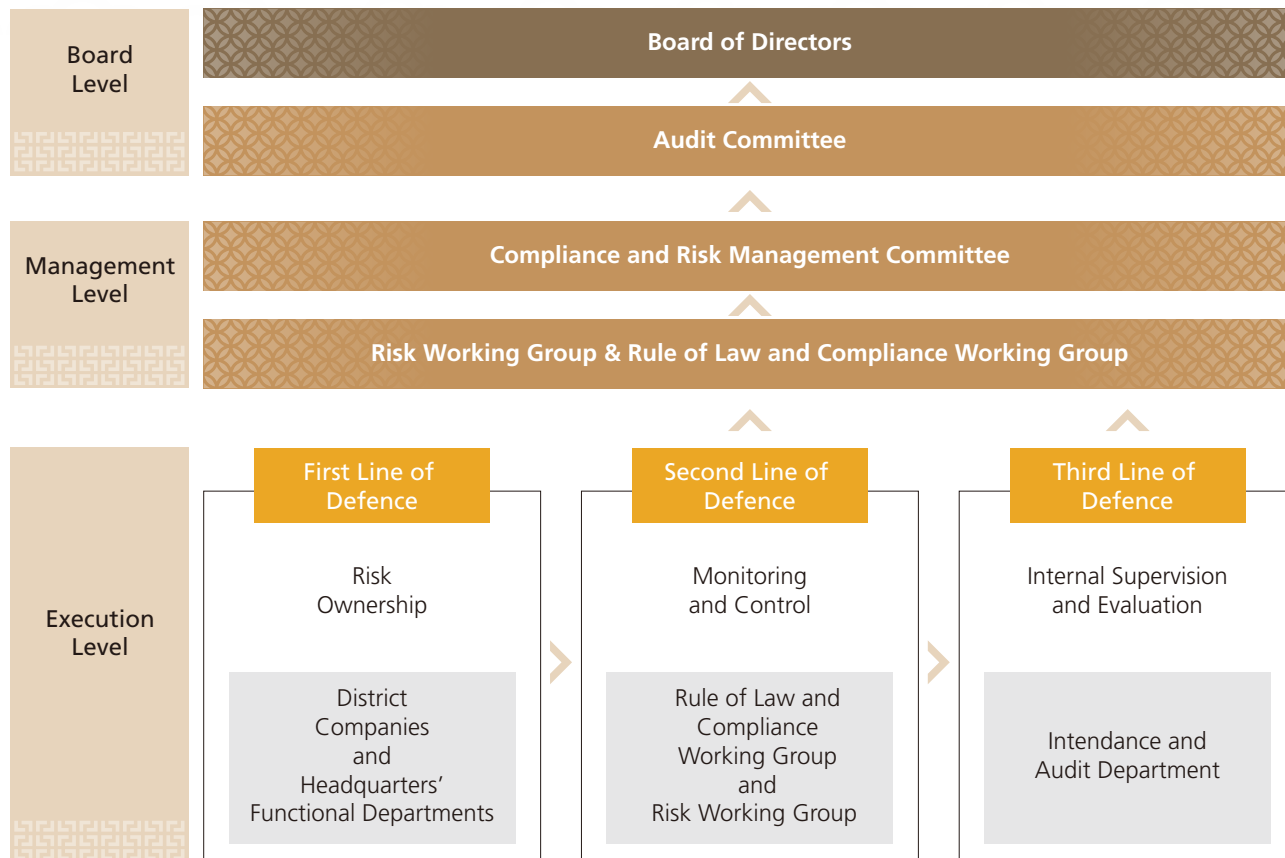
AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

FINANCIAL REPORTING

The Board acknowledges its responsibility for preparing the financial statements on a going concern basis, with supporting assumptions or qualifications as necessary. The Company's financial statements are prepared in accordance with the relevant laws and standards. Appropriate accounting policies are selected and applied consistently, and judgements and estimates made are prudent and reasonable. The Directors endeavour to ensure that a balanced, clear and understandable assessment of the Company's performance, position and prospects is presented in annual reports, interim reports, announcements and other financial disclosures required under the Listing Rules and other statutory requirements.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has implemented effective systems of risk management and internal controls to identify, evaluate and manage significant risks, and to assure a timely, accurate and complete disclosure of discloseable information. The systems also help provide reasonable assurance that the Group's assets are safeguarded, proper accounting records are maintained, reliable financial information are provided for management and publication purposes and significant investment and business risks affecting the Group are identified and properly managed. Furthermore, these systems help the Group comply with applicable laws and regulations, and also internal policies with respect to the conduct of businesses of the Group. However, they are designed to manage rather than eliminate the downside risk to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. The Group has implemented a "Three Lines of Defence" governance model as illustrated below:



Corporate Governance Report

AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

In 2023, the Company established the Compliance and Risk Management Committee at the management level to build a risk management system that integrates compliance, legal, and risk management. The Rule of Law and Compliance Working Group and the Risk Working Group have been established under the committee to provide support to the committee through the risk management model of “three lines of defence”. The Company has also appointed Mr. Zhou Hancheng, an Executive Director, to concurrently act as the Chief Compliance Officer and General Counsel to oversee, advise and assist the committee in assessing, handling and managing legal, compliance and risk matters.

First Line of Defence

The first line of defence comprises the Group’s district companies and headquarters’ functional departments of which the major works include:

1. Compliance management:

Major works of the district companies:

- Follow the compliance management systems and resolutions directed by the headquarters of the Company and work under the management, guidance and supervision of the headquarters;
- Responsible for identifying, assessing compliance risks within the Group and establishing response plans;
- Timely report the Group’s compliance risks to relevant functional departments at headquarters and implementing response and handling measures;
- Submit compliance management information and data for the Group as required; and
- Organise compliance reviews for the Group, including self-inspection and self-correction.

Major works of headquarters’ functional departments:

- Improve compliance management content and procedures in their respective functional areas, conduct compliance risk identification and assessment in their functional areas, and prepare compliance risk registers and response measures for their functional areas;
- Identify compliance management risks for key positions in their functional areas and incorporate compliance requirements into the responsibilities within their positions;
- Conduct compliance reviews of the operations and management activities of subsidiaries and their own departments in their functional areas, as well as compliance reviews of major decisions, rules and regulations, and economic contracts in their functional areas;
- Timely report the compliance risks in their functional areas and organise or coordinate subsidiaries in response and handling;
- Organise or coordinate compliance management inspections, investigations of violations, rectification, and accountability for subsidiaries and their own departments in their functional areas; and
- Report compliance risk management status to the Rule of Law and Compliance Working Group and implement resolutions of the Compliance and Risk Management Committee.

Corporate Governance Report

AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

First Line of Defence (continued)

2. Risk management:

Major works of district companies:

- Fulfill the roles of organiser, promoter, and practitioner in preventing and resolving major risks, and actively advance all aspects of the Group's risk management work;
- Implement tiered project risk management, focus on major risk projects, uphold baseline risk controls, and continuously build a comprehensive, effectively functioning project risk management system; and
- Responsible for the Group's annual major risk identification, assessment, monitoring, and handling work.

Major works of headquarters' functional departments:

- Responsible for risk identification, assessment, monitoring, and handling within their respective functional areas;
- Improve risk management content and procedures in their functional areas' management systems, and cooperate in establishing and updating the department's risk element database;
- Organise specialised risk assessments for major decisions and key operating activities within their functional areas;
- Cooperate in preparing the unit's annual major risk assessment plan and compiling the annual major risk assessment report;
- Responsible for responses to annual major risks within their functional areas, including formulation, implementation, reporting, and summarisation of prevention and control plans;
- Cooperate in establishing a risk monitoring indicator system for their functional areas, conduct daily risk monitoring, and prepare and submit daily risk monitoring reports;
- Responsible for responses to major risk incidents within their functional areas, including formulation, implementation, reporting, and summarisation of response plans; and
- Conduct business rectification and accountability for organisations or individuals whose inadequate implementation of risk prevention and control measures in their functional areas causes losses to the Group, and transfer leads to relevant supervisory authorities.

Second Line of Defence

The second line of defence comprises the Rule of Law and Compliance Working Group and the Risk Working Group of which the major works include:

1. Major works of the Rule of Law and Compliance Working Group:

- Organise the drafting of the Group's compliance management systems and work reports;
- Organise compliance reviews for major decisions, rules and regulations, and economic contracts;
- Organise headquarters' functional departments to conduct compliance risk identification, early warning, and response handling;
- Organise headquarters' functional departments to conduct compliance management inspections or evaluations of compliance management system effectiveness;
- Propose categorised handling opinions based on violation reporting leads, organise or participate in investigations of violations by headquarters' functional departments, and provide compliance management recommendations; and
- Organise or assist headquarters' functional departments in conducting relevant compliance training, handle compliance consultations, and promote the digitalisation of compliance management.

Corporate Governance Report

AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

Second Line of Defence (continued)

2. Major works of the Risk Management Working Group:

- Organise the drafting of basic risk management systems, and establish or update specific systems and risk element databases as needed;
- Organise the Group's annual major risk assessment, prepare and issue the annual major risk assessment report, and follow up on supervising the prevention and control progress of major risks;
- Organise the establishment of a risk monitoring indicator system, and prepare and submit risk monitoring reports;
- Coordinate the collection and reporting of major risk incidents within the Group, and follow up on supervising responses to major risk incidents;
- Organise daily risk management-related affairs for the Compliance and Risk Management Committee;
- Coordinate the risk management work of functional departments;
- Conduct inspections, guidance, and assessments of subsidiaries' risk management work; and
- Organise risk management training, promotion, and other activities for the Group.

Third Line of Defence

The third line of defence comprises the Intendence and Audit Department (the "IA Department") of which the major works include:

1. Compliance management:

- The IA Department serves as the secondary supervision entity for compliance management, overseeing the performance of compliance responsibilities by relevant entities;
- Responsible for supervising the implementation of compliance requirements and proposing rectification opinions for related issues;
- Responsible for proposing handling opinions on violation matters transferred from headquarters' functional departments; and
- Responsible for investigating violation incidents within its authority and conducting accountability in accordance with relevant regulations.

2. Risk management:

- The IA Department serves as the supervision entity for risk management, overseeing the performance of risk management responsibilities by relevant entities;
- Responsible for supervising the soundness of the Group's risk management system and the effectiveness of its implementation;
- Responsible for urging relevant units and responsible persons with risk management issues to carry out rectification, and tracking the implementation of rectification measures;
- Responsible for holding organisations or individuals accountable in accordance with regulations where inadequate implementation of risk prevention and control measures causes losses to the Group; and
- Regularly submitting risk management and internal control evaluation reports to the management, the Audit Committee, and the Board.

Corporate Governance Report

AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

Internal Audit

According to the annual internal audit schedule, during the year, the IA Department completed five incumbent accountability audits for Yantong Company, Hefei Company, Ganzhou Company and Xuzhou Company. The IA Department prepared the respective audit reports and the audited companies have rectified the issues in a timely manner in accordance with the opinion set out in the audit reports.

In addition to carrying out routine audit as planned, the IA Department insisted on integrating audit into business and increasing special audits during the year under review. It jointly carried out eight special tasks with the departments of the headquarters. Audit is no longer conducted only after the business has been carried out but also before or during the business. Such change has improved the Company's quality and efficiency and its management. The special tasks include (1) special audit of project file management with the Human Resources and Administration Department at headquarters; (2) special inspection of the Engineering Company's business with the Cost Management Department at headquarters and the Engineering Company; (3) special inspection of major matters and Two-Star rectification matters with the Operations Management Department at headquarters; (4) special inspection of negative cash flow projects with the Finance and Treasury Department at headquarters; and (5) special inspection of sales management standardisation with the Marketing Management Department.

In response to the issues identified in the process of various audits and inspections, the IA Department requires the audited units to rectify immediately and clarify the risk prevention requirements and rectification measures, and regularly supervise the audited units' rectification and implementation work.

The Company has established a comprehensive risk management system and implemented a risk management responsibility system. The IA Department regularly organises various departments of the Company and the risk management units of its subsidiaries to carry out annual risk assessment. Risk assessment covers all business links of the Company, and the risk contents cover corporate risks including strategic risk, market risk, operational risk, financial risk, compliance risk, environmental, social and governance (ESG) risk, etc. The Company did not have any significant ESG risks during the year under review.

In addition, the IA Department also regularly reviews the risk management and internal control systems of the Company on a half-yearly basis and reports the results of such review to the Audit Committee and the Board. The periods covered by the reviews during the year include the full year of 2024 and the first-half year of 2025. In the report, the IA Department will discuss the principal business risk (including any changes in external environment) faced by the Company and confirm whether the risk management (including ESG risk) and internal control systems are effective and adequate. The Audit Committee will review and evaluate the business risk (including ESG risk) and the measures to manage such risk. The Audit Committee will also review the IA Department's findings concerning business and operation control systems and action plans to address any control system weakness. In addition, the external auditor also discusses with the Audit Committee concerning any control issues identified in the course of their audit. After reviewing the effectiveness of the internal control systems, the Audit Committee will then report to the Board any weakness in the system and recommendations to manage the business risk and rectify any control weakness.

Corporate Governance Report

AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

Internal Audit (continued)

The Board acknowledges its responsibility for the Company's risk management and internal control systems. It has reviewed the effectiveness and efficiency of risk management (including ESG risk) and internal control systems of the Group and confirmed that the systems are appropriate and effective for the purposes set out in principle D2 of the CG Code. Such reviews cover aspects such as financial reporting, operation and regulatory compliance, and ESG risk. The Board considers that these systems are effective, efficient and adequate. No significant system weaknesses have been identified in the reviews during the year and appropriate actions are also taken to rectify any control deficiencies, if any. The Directors believe that these systems are efficient and effectively control the risks that may have impacts on the Company in achieving its goals.

The Board has also considered the adequacy of resources, qualifications and experience of staff, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, and those relating to the Company's ESG performance and reporting.

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Company regularly reminds the Directors, senior management and employees about due compliance with all policies regarding the inside information and keeps them apprised of the latest regulatory updates. Employees who are privy or have access to inside information have also been notified on observing the restrictions from time to time pursuant to the relevant requirements.

AUDITOR'S REMUNERATION

For the year ended 31 December 2025, fees for audit services and non-audit services payable to the auditor of the Company amounted to approximately HK\$3,115,500 and RMB600,000, respectively. The fee for non-audit services was mainly for the professional services rendered in connection with the Company's 2025 Environmental, Social and Governance Report.

ANTI-CORRUPTION POLICY

The Board adopted in 2022 and revised in 2025 an anti-corruption policy (the "Anti-corruption Policy"), under which the Company commits to observing and upholding high standards of business integrity, honesty, fairness, impartiality, ethical business practices and transparency in all its business dealings at all times. The Company conducts risk assessment regularly to identify and evaluate corruption risks. Internal control systems are designed and established to maintain effective monitoring and/or elimination of corruption risks. An effective whistleblowing system is in place to enable concerns can be raised without fear. The Board is responsible for the oversight of business ethics and corruption issues. The [Anti-Corruption Policy](#) is available on the website of the Company, summary of which is as follows: 

SCOPE

The policy applies to all employees (including directors and officers) of the Group and provides guidance to them on acceptance of advantage and handling of conflict of interest when dealing with the Group's business. The Group also encourages and expects business partners including suppliers, contractors and clients to abide by the principles of this Policy.

ACCEPTANCE OF ADVANTAGE AND ENTERTAINMENT

All employees should not solicit or accept any advantage for themselves or others, from any person, company or organisation having business dealings with the Group, except that they may accept (but not solicit), inter alia, advertising or promotional gifts or souvenirs of a nominal value when the gifts are offered on a voluntary basis and would not affect their objectivity.

Although entertainment (e.g. provision of food and drink) is an acceptable form of business and social behaviour, all employees should avoid accepting lavish or frequent entertainment from persons with whom the Group has business dealing (e.g. suppliers or contractors) or from their subordinates to avoid placing themselves in a position of obligation.

Corporate Governance Report

ANTI-CORRUPTION POLICY (CONTINUED)

OFFER OF ADVANTAGE

All employees are prohibited from offering advantages to any director, staff member or agent of another company or organisation, for the purpose of influencing such person in any dealing, or any public official, whether directly or indirectly through a third party when conducting the business of the Group.

CONFLICT OF INTEREST

All employees should avoid any conflict of interest situation (i.e. situation where their private interest conflicts with the interest of the Group) or the perception of such conflicts. When actual or potential conflict of interest arises, the subject employee should make a declaration to the IA Department.

TRAINING

The Company provides regular anti-corruption training and briefing to all employees and co-operative partners.

WHISTLEBLOWING POLICY

The Board adopted in 2022 and revised in 2024 a whistleblowing policy (the “Whistleblowing Policy”), under which the Company sets out a procedure for the employees and those who deal with the Company to voice concerns with the Audit Committee about possible improprieties in matters related to the Company to help detect and deter misconduct or malpractice in the Group. The policy also ensures that whistleblowers, including employees, in good faith will be protected from any retaliation. The [Whistleblowing Policy](#) is available on the website of the Company. 

DIVIDEND POLICY

The Board adopted in 2019 a dividend policy (the “Dividend Policy”) which has set out its objective and key factors that the Board will take into account when deciding whether to declare, recommend or pay any dividend. The Board confirms that all dividend decisions were made in accordance with the Dividend Policy. The dividend rate for the year ended 31 December 2024 was 34.9% (2023: 22.5%). There was no material variation in the dividend rate for the dividend declared for the years ended 31 December 2023 and 2024. Summary of the Dividend Policy is as follows:

OBJECTIVE

The Dividend Policy aims to establish a structured framework for Shareholders’ returns while balancing business sustainability and regulatory compliance.

FACTORS

The Board will exercise discretion to recommend or declare dividends based on the prevailing economic environment and future macroeconomic outlook, the Group's operations and profits, expansion plans and project developments, cash flow requirements, capital and other reserve needs, overall financial position, contractual restrictions, and any other relevant factors.

TARGET PAYOUT RATIO

The total amount of dividends to be distributed by the Company to the Shareholders for each financial year shall be approximately 20-30% of the Group's consolidated net profit attributable to Shareholders, subject to the criteria set out in the Dividend Policy.

Corporate Governance Report

SHAREHOLDERS' COMMUNICATION POLICY

Apart from reporting to the Shareholders and investors on its operation and financial conditions semi-annually and annually, the Company also discloses relevant information monthly and quarterly so that the investors can have a better understanding about the Company's operations.

The Board adopted in 2012 and revised in 2022 a shareholders' communication policy (the "Shareholders' Communication Policy") which aims at establishing a mutual relationship and communication between the Company and the Shareholders. The Company does not only value the views of the Shareholders, but also those of its stakeholders. The designated contacts, email addresses and enquiry lines of the Company have been provided in the "Investors" section of the Company's website for the Shareholders and stakeholders to make any enquiry in respect of the Company and allow the Company to solicit and understand their views at the same time. Shareholders can also direct their questions about their shareholdings to the Company's Share Registrar.

The Company has maintained an on-going dialogue with the Shareholders and in particular, use formal meetings (including general meetings ("GM")) and other communication channels (including results presentations, roadshows and investors' meetings etc.) under the Shareholders' Communication Policy to communicate with them and encourage their participation. Sufficient advance notice and information of GM will be given to all Shareholders, in accordance with the articles of association of the Company, the Companies Ordinance and/or the Listing Rules, in order to enable them to familiarize themselves with the detailed procedures for conducting a poll. At the GM, Shareholders will be briefed again on these procedures. Shareholders (or their proxy) are entitled to attend, speak and vote at the GM. They are encouraged to participate and ask any questions regarding the proposed resolutions and the operations of the Group before voting. The Company will address their questions accordingly to allow them to make an informed decision when casting their votes.

The Company also holds regular results presentation, roadshows and meetings with financial analysts and investors, during which the Company's management will provide relevant information and data to the financial analysts, investors, etc., as well as answer their enquiries in a prompt, complete and accurate manner. The Company's website is updated continuously, providing up-to-date information regarding every aspect of the Company.

During the year, the Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy, and, with the above measures in place, considered that the Shareholders' Communication Policy has been effectively implemented. The [Shareholders' Communication Policy](#) is available on the website of the Company. 

The Company adopted in 2024 the electronic dissemination of corporate communications and actionable corporate communications to the Company's registered and/or non-registered Shareholders. [Details of the electronic dissemination arrangement](#) are disclosed in full on the website of the Company. 

In order to promptly receive notification of the publication of the Company's corporate communications and other announcements, the Company encourages your subscription of the notification by completing the form on [the Company's website](#) or by scanning this QR code. 



Corporate Governance Report

SHAREHOLDERS' RIGHTS

PROCEDURES FOR SHAREHOLDERS TO CONVENE A GM

Pursuant to the articles of association of the Company, GM shall be convened on request by Shareholders, or, in default, may be convened by the requesting Shareholders in accordance with the Companies Ordinance.

According to the Companies Ordinance, Shareholders representing at least 5% of the total voting rights at GM may request the Directors to call a GM by depositing a written request at the registered office of the Company, and the Directors must call a meeting within 21 days after the date on which they become subject to the requirement. The GM must then be held on a date not more than 28 days after the date of the notice convening the meeting.

If the Directors fail to call the meeting in accordance with the Companies Ordinance, the Shareholders who requested to convene the meeting, or any of them representing more than one half of the total voting rights of all of them, may themselves call a meeting at the expenses of the Company. The meeting must be held on a date not more than three months after the date on which the Directors become subject to the requirement to call a meeting.

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT GM

According to the Companies Ordinance, at least 50 Shareholders or Shareholders representing at least 2.5% of the total voting rights may request the Company to circulate to the Shareholders entitled to receive notice of a GM a statement of not more than 1,000 words with respect to a matter mentioned in a proposed resolution or other business to be dealt with at that GM.

Such request must be made in writing, authenticated by the relevant Shareholders and received by the Company at least six weeks before the relevant annual general meeting or seven days before the GM to which it relates. The relevant Shareholders should deposit such written request at the registered office of the Company.

ENQUIRIES TO THE BOARD

The Board always welcomes Shareholders' views and input. Shareholders may at any time send their enquiries and concerns to the Board by addressing them to the Company Secretary of the Company and her contact details are as follows:

Company Secretary
China Overseas Grand Oceans Group Limited
Suites 701-702, 7/F., Three Pacific Place
1 Queen's Road East, Hong Kong
Email: comsec81@cohl.com
Tel. no.: (852) 2988 0657
Fax no.: (852) 2988 0606

COMPANY SECRETARY

The Company Secretary of the Company is a full time employee of the Company and reports to the Chairman and/or the CEO. The Company Secretary supports the Board by ensuring good information flow within the Board and that the Board policies and procedures are strictly followed. The Company Secretary is also responsible for advising the Board on corporate governance matters and facilitating the induction and CPD of Directors.

Ms. Anita Wong has been appointed as the Company Secretary. According to Rule 3.29 of the Listing Rules, the Company Secretary has taken no less than 15 hours of relevant professional training during the year.

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the year ended 31 December 2025. The [articles of association of the Company](#) is available on the website of the Company. 

Directors and Organisation

EXECUTIVE DIRECTORS

MR. ZHUANG YONG, *Chairman*

Aged 49, has been appointed as the Chairman, Executive Director and member of Nomination Committee of the Company since February 2020. Mr. Zhuang holds a Master of Architecture and Civil Engineering degree and is a senior engineer. He is a non-executive director and vice chairman of COLI (listed in Hong Kong), a director of COHL, and a director of certain subsidiaries of the Company. COLI and COHL are both the substantial shareholders of the Company within the meaning of the SFO. Mr. Zhuang has over 25 years' experience in property development and corporate management.

MR. YANG LIN, *CEO*

Aged 52, has been appointed as an Executive Director of the Company since March 2017, and appointed as CEO of the Company since February 2020. Mr. Yang holds a Master of Business Administration degree and is a senior economist. He is a director of certain subsidiaries of the Company. Mr. Yang has over 30 years' experience in property development and corporate management.

MR. ZHOU HANCHENG, *Vice President*

Aged 56, has been appointed as Executive Director and Vice President of the Company since April 2023, and appointed as Chief Compliance Officer and General Counsel of the Company since October 2023. Mr. Zhou holds a Master of Business Administration degree and is a principal senior accountant, a fellow of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He is a director of certain subsidiaries of the Company. During the period from June 2005 to April 2023, he was an executive director and financial controller of CSC (listed in Hong Kong). He has over 34 years' experience in financial management and corporate management.

NON-EXECUTIVE DIRECTORS

MR. YUNG KWOK KEE, BILLY, *Vice Chairman*

Aged 72, received a bachelor's degree in Electrical Engineering from University of Washington and a master's degree in Industrial Engineering from Stanford University. Mr. Yung has over 40 years of experience in managing manufacturing, retailing, transportation, semi-conductor, computer hardware and software business in China, Hong Kong and US. He has also over 40 years of experience in real-estate investment and development in United Kingdom, USA, Canada, Holland, Hong Kong, Taiwan, Macau and China. Mr. Yung resigned as the Group Chairman and Chief Executive of the Company with effect from 10 February 2010 and has been re-designated from Chairman of the Board and Executive Director to Vice Chairman of the Board and Non-executive Director of the Company with effect from 27 February 2010. He is now the Vice Chairman of the Board, Non-executive Director and member of the Remuneration Committee of the Company, and the chairman of the board and non-executive director of SMC Electric Limited. Mr. Yung is currently the Permanent Honorary President of Friends of Hong Kong Association Ltd. and the Honorary President of Shun Tak Fraternal Association, and was awarded the Honorary Citizen of the City of Guangzhou and the Honorary Citizen of the City of Foshan.

MS. LIU PING

Aged 53, has been appointed as Non-executive Director of the Company since April 2024, and appointed as member of the Nomination Committee of the Company since June 2025. Ms. Liu holds a Master of Architecture and Economic Management degree and is a senior accountant and a non-practising member of The Chinese Institute of Certified Public Accountants. She is the deputy finance director and the general manager of the Finance and Treasury Department of COLI (listed in Hong Kong) and a director of certain subsidiaries of the Company. COLI is the substantial shareholder of the Company within the meaning of the SFO. She has over 28 years' management experience in corporate finance and accounting.

Directors and Organisation

INDEPENDENT NON-EXECUTIVE DIRECTORS

DR. CHUNG SHUI MING, TIMPSON *GBS, JP*

Aged 74, holds a Bachelor of Science degree from the University of Hong Kong, a master's degree in business administration from the Chinese University of Hong Kong and a Doctor of Social Sciences honoris causa from the City University of Hong Kong. He is a fellow member of The Hong Kong Institute of Certified Public Accountants. Besides, Dr. Chung is an independent non-executive director of China Unicom (Hong Kong) Limited, Miramar Hotel and Investment Company, Limited, Orient Overseas (International) Limited and Postal Savings Bank of China Co., Ltd. (all listed on the Stock Exchange). Formerly, Dr. Chung was an independent director of CSCECL (listed on the Shanghai Stock Exchange and is the substantial shareholder of the Company within the meaning of the SFO) and China Everbright Bank Company Limited, an independent non-executive director of China Netcom Group Corporation (Hong Kong) Limited, Tai Shing International (Holdings) Limited (now known as hmvod Limited), Henderson Land Development Company Limited, Nine Dragons Paper (Holdings) Limited, China Construction Bank Corporation, Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited (which has been privatised and listing of its shares had been withdrawn on 5 October 2020), Glorious Sun Enterprises Limited, China Everbright Limited and China Railway Group Limited, a director of Hantec Investment Holdings Limited (now known as Cinda International Holdings Limited), the chairman of China Business of Jardine Fleming Holdings Limited, the deputy chief executive officer of BOC International Limited, and the chairman of the Council of the City University of Hong Kong. He was also a member of the National Committee of the Chinese People's Political Consultative Conference, the chairman of the Hong Kong Housing Society, a member of the Executive Council of the Hong Kong Special Administrative Region, the vice chairman of the Land Fund Advisory Committee of Hong Kong Special Administrative Region Government, a member of the Managing Board of the Kowloon-Canton Railway Corporation, a member of the Hong Kong Housing Authority, a member of the Disaster Relief Fund Advisory Committee and a vice-chairman, director and deputy general manager of Nanyang Commercial Bank Limited and the chief executive officer of the Hong Kong Special Administrative Region Government Land Fund Trust. In addition, Dr. Chung has been appointed as Pro-Chancellor of the City University of Hong Kong with effect from August 2016. Since May 2010, Dr. Chung has been appointed as an Independent Non-executive Director of the Company, the Chairman of the Audit Committee, and members of both the Remuneration Committee and Nomination Committee of the Company.

MR. LAM KIN FUNG, JEFFREY *GBM, GBS, JP*

Aged 74, holds a bachelor's degree from Tufts University in USA. He has over 40 years of experience in the toy industry and is currently the chairman of Forward Winsome Industries Limited which is engaged in toy manufacturing. Mr. Lam also holds several public and community service positions including serving as a non-official member of the Executive Council, a council member of the Hong Kong General Chamber of Commerce, a director of Heifer International – Hong Kong, a member of the Hong Kong Tourism Board, and the chairman of Vocational Training Council. In addition, he is an independent non-executive director of C C Land Holdings Limited, Wynn Macau, Limited, Chow Tai Fook Jewellery Group Limited, CWT International Limited (formerly known as HNA Holding Group Co. Limited), i-CABLE Communications Limited, Wing Tai Properties Limited, Analogue Holdings Limited, CSC Holdings Limited (formerly known as China Strategic Holdings Limited) and Golden Resources Development International Limited. He was also a member of the National Committee of the Chinese People's Political Consultative Conference, a member of the Legislative Council of Hong Kong Special Administrative Region of the People's Republic of China, a general committee member of the Hong Kong General Chamber of Commerce, and an executive director of Hong Kong Aerospace Technology Group Limited (now known as China Strategic Technology Group Limited). Mr. Lam was awarded Grand Bauhinia Medal by the government of Hong Kong in 2023. Since May 2010, Mr. Lam has been appointed as an Independent Non-executive Director of the Company, and he is currently the members of the Audit Committee and Nomination Committee and the Chairman of the Remuneration Committee of the Company.

Directors and Organisation

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

MR. FAN CHUN WAH, ANDREW ^{JP}

Aged 47, is a practicing certified public accountant in Hong Kong with over 19 years of experience. He holds a Bachelor Degree of Business Administration (Accounting and Finance) from The University of Hong Kong and a Bachelor Degree in Laws from the University of London. Mr. Fan is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and a fellow member of the Hong Kong Institute of Certified Public Accountants. He is a member of the fourteenth National Committee of the Chinese People's Political Consultative Conference, a member of the Legislative Council of Hong Kong Special Administrative Region of the People's Republic of China, and the Vice Chairman of the tenth to twelfth committee of Zhejiang Province United Young Association. He was also a member of the tenth to twelfth committee of the Chinese People's Political Consultative Conference of the Zhejiang Province, a member of the fourth and fifth committee of the Chinese People's Political Consultative Conference of Shenzhen, a member and standing committee member of the twelfth and thirteenth committee of All-China Youth Federation, and standing committee member of the tenth committee of the Shanghai United Young Association.

Mr. Fan is currently the managing director of Fan, Mitchell & Co., Limited and Fan, Mitchell Risk Advisory Services Limited. He is also an independent non-executive director of Sing Tao News Corporation Limited (stock code: 1105), China Aircraft Leasing Group Holdings Limited (stock code: 1848), China Unicom (Hong Kong) Limited (stock code: 762) and Chuang's Consortium International Limited (stock code: 367), shares of which are listed on the Main Board of the Stock Exchange. Mr. Fan had been an independent non-executive director of Culturecom Holdings Limited from April 2015 to May 2024 (stock code: 343), Chuang's China Investments Limited (stock code: 298) from January 2013 to September 2025 and Nameson Holdings Limited (stock code: 1982) from January 2016 to March 2026, shares of which are listed on the Main Board of the Stock Exchange. Since March 2023, Mr. Fan has been appointed as an Independent Non-executive Director of the Company, the Chairman of the Nomination Committee, and members of both the Audit Committee and Remuneration Committee of the Company.

SENIOR MANAGEMENT STAFF

Assisted by head of departments, the businesses and operations of the Group are under the direct responsibilities of the Executive Directors and the Executive Directors are therefore regarded as the senior management staff of the Company.

Directors' Report

The Board hereby presents the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2025 to the shareholders of the Company.

PRINCIPAL ACTIVITIES

During the year, the principal activities of the Group are property development and commercial property operations. Details of the activities of its principal subsidiaries, associates and joint ventures are set out in notes 49 to 51 to the financial statements respectively.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 7 to the financial statements and the "Segment Information" of the "Management Discussion and Analysis" section in this annual report.

BUSINESS REVIEW

A fair review of the business of the Company as well as discussion and analysis of the Group's performance during the year and the material factors underlying its financial performance and financial position as required by Schedule 5 to the Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the "Chairman's Statement" and "Management Discussion and Analysis" sections in this annual report. These sections form part of this Directors' Report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated income statement on page 102.

The Board has recommended the payment of final dividend of HK2.5 cents per ordinary share for the year ended 31 December 2025 with a total amount of approximately HK\$88,984,000 (2024: HK\$249,156,000), subject to the approval by the Shareholders at the forthcoming annual general meeting.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 211.

SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in note 34 to the financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this report, no other equity-linked agreement was entered into by the Group, or existed during the year.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the year are set out in consolidated statement of changes in equity and note 35 to the financial statements respectively.

DISTRIBUTABLE RESERVE

The reserve of the Company available for distribution to shareholders at 31 December 2025 was HK\$1,985,022,000 (2024: HK\$1,909,269,000).

Directors' Report

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

Save as disclosed below, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the year ended 31 December 2025 and up to the date of this report.

In May 2025, 中海宏洋地產集團有限公司 (China Overseas Grand Oceans Property Group Limited* ("COGOP"), a wholly-owned subsidiary of the Company), completed the issuance of the first tranche of 2025 corporate bond (the "2025 Corporate Bond (First Tranche)") in the aggregate principal amount of RMB1,500,000,000, of which RMB400,000,000 is due May 2028 with the interest rate of 2.4% and RMB1,100,000,000 is due May 2030 with the interest rate of 2.7%. The 2025 Corporate Bond (First Tranche) is irrevocably and unconditionally guaranteed by the Company and listed on the Shanghai Stock Exchange. In September 2025, COGOP completed the issuance of the second tranche of 2025 corporate bond due September 2028 (the "2025 Corporate Bond (Second Tranche)") in the principal amount of RMB1,300,000,000 with the interest rate of 2.4% which is irrevocably and unconditionally guaranteed by the Company and listed on the Shanghai Stock Exchange. The net proceeds, after deducting the expenses in connection with the issuance of the 2025 Corporate Bond (First Tranche) and the 2025 Corporate Bond (Second Tranche), amounted to approximately RMB2,796,080,000, which are used for redeeming existing bonds.

In June 2025, COGOP early and fully redeemed at par the first tranche of 2023 carbon neutrality green corporate bond in the principal amount of RMB500,000,000 with the interest rate of 3.05% which was issued in June 2023 and listed on the Shanghai Stock Exchange.

In October 2025, COGOP fully redeemed at par the 2022 corporate bond in the principal amount of RMB1,000,000,000 with the interest rate of 3.4% which was issued in October 2022 and listed on the Shanghai Stock Exchange.

In November 2025, COGOP early and fully redeemed at par the third tranche of 2023 corporate bond in the principal amount of RMB1,300,000,000 with the interest rate of 3.65% which was issued in November 2023 and listed on the Shanghai Stock Exchange.

In November 2025, China Overseas Grand Oceans Finance IV (Cayman) Limited, a wholly-owned subsidiary of the Company, early and fully redeemed at par the guaranteed notes in the principal amount of US\$512,000,000 with the interest rate of 2.45% which were issued in February 2021 and listed on the Stock Exchange.

In February 2026, COGOP completed the issuance of the first tranche of 2026 corporate bond due February 2029 in the principal amount of RMB1,000,000,000 with the interest rate of 2.4% which is irrevocably and unconditionally guaranteed by the Company and listed on the Shanghai Stock Exchange. The proceeds are used for redeeming existing bonds.

In February 2026, China Overseas Grand Oceans Finance V (Cayman) Limited, a wholly-owned subsidiary of the Company, completed the issuance of the guaranteed notes due February 2029 in the principal amount of RMB1,300,000,000 with the interest rate of 3.2% which is irrevocably and unconditionally guaranteed by the Company and listed on the Stock Exchange. The proceeds are used for refinancing the existing indebtedness of the Group.

In February 2026, COGOP fully redeemed at par the first tranche of 2023 corporate bond in the principal amount of RMB1,000,000,000 with the interest rate of 3.9% which was issued in February 2023 and listed on the Shanghai Stock Exchange.

Directors' Report

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 16 to the financial statements.

MAJOR PROPERTIES

Particulars of the major properties and property interests of the Group as at 31 December 2025 are set out on pages 212 to 238.

DIRECTORS OF THE COMPANY

The directors of the Company during the year and up to the date of this report are as follows:

EXECUTIVE DIRECTORS

Mr. Zhuang Yong (*Chairman*)

Mr. Yang Lin (*CEO*)

Mr. Zhou Hancheng (*Vice President*)

NON-EXECUTIVE DIRECTORS

Mr. Yung Kwok Kee, Billy (*Vice Chairman*)

Ms. Liu Ping

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Chung Shui Ming, Timpson

Mr. Lam Kin Fung, Jeffrey

Mr. Fan Chun Wah, Andrew

Each of the Directors (including Non-executive Directors) is subject to retirement by rotation in accordance with article 107 of the Company's articles of association. Therefore, the Board has proposed that Mr. Zhuang Yong, Mr. Yang Lin and Dr. Chung Shui Ming, Timpson will retire by rotation at the forthcoming annual general meeting, and they are eligible for re-election.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers the Independent Non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has entered into a service contract with the Group which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

Directors' Report

DIRECTORS OF SUBSIDIARIES

The [list of directors](#) who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report is available on the Company's website under the "Corporate Governance" section. 

DIRECTORS AND ORGANISATION

Brief biographical details of Directors and senior management as at the date of this report are set out on pages 68 to 70.

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

There is no transaction, arrangement or contract of significance in relation to the business of the Group, to which the Company and any of its subsidiaries was a party and in which a Director or an entity connected with the Director is or was materially interested, either directly or indirectly, which was entered into during the year or subsisted at any time during the year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, as at the date of this report, the following Directors have declared interests in the following entities which compete or are likely to compete, either directly or indirectly, with the businesses of the Company:

Mr. Zhuang Yong, the Chairman of the Board and Executive Director of the Company, is also a director of COHL and the vice chairman of the board and non-executive director of COLI. COHL and COLI are principally engaged in investment holding, property development, commercial property operations and other businesses.

Ms. Liu Ping, Non-executive Director of the Company, is also the deputy finance director and the general manager of the finance and treasury department of COLI. COLI is principally engaged in property development, commercial property operations and other businesses.

The entities in which the above Directors have declared interests are managed by separate boards of directors and management, which are accountable to their respective shareholders. Further, the Board includes three Independent Non-executive Directors and one Non-executive Director (other than Ms. Liu Ping) whose views carry significant weight in the Board's decisions. The Audit Committee of the Company, which consists of three Independent Non-executive Directors, meets regularly to assist the Board in reviewing the financial performance, internal control, risk management and compliance systems of the Group. The Company is, therefore, capable of carrying on its businesses independently of, and at arm's length from, the businesses in which the Directors have declared interests.

PERMITTED INDEMNITY PROVISION

Pursuant to the articles of association of the Company and subject to the provisions of the Companies Ordinance, each Director, former Director, other officer or other former officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, provided that such articles shall only have effect in so far as its provisions are not avoided by the Companies Ordinance. The Company has also maintained appropriate directors and officers liability insurance coverage for the directors and officers of the Group during the year.

Directors' Report

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES BY DIRECTORS

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

EMOLUMENT POLICY AND BASIS OF DETERMINING EMOLUMENT TO DIRECTORS

Subject to the relevant laws and regulations, the Company implements an emolument and benefit system comprised of basic salary, incentive bonus and employee benefits. The emolument and employee benefits are reviewed at appropriate time with reference to the remuneration level of the industry or the work location and the operating performance of the Company. The emoluments of the Directors are determined with reference to the salaries paid by comparable companies, time commitment, roles and responsibilities of the Directors, and employment conditions. Details of the Directors' Remuneration Policy are set out in the section "Directors' Remuneration Policy" in the Corporate Governance Report.

RETIREMENT BENEFITS SCHEMES

The Group operates the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, Chapter 485 of the Laws of Hong Kong, for those employees in Hong Kong who are eligible to participate in the MPF Scheme. The MPF Scheme is a defined contribution retirement benefits scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at rate specified in the rules. With effect from 1 January 2018, employer voluntary contributions are made, under specific criteria set out in the Company's policy, as a part of the employee benefits program. The Group has no further payment obligations once the contributions have been paid.

The employees of the subsidiaries of the Company which operate in the PRC are required to participate in a central pension scheme operated by the local municipal governments. These PRC subsidiaries are required to contribute a specified percentage of their payroll costs to the central pension scheme to fund the benefits. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's obligations under these plans are limited to the fixed percentage contribution payable.

Directors' Report

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2025, the Directors, the CEO and their respective associates had the following interests in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

LONG POSITIONS IN SHARES OF THE COMPANY

Name of Directors	Capacity	Nature of interests	Number of Shares held	Aggregate long position	Percentage of Shares in issue ⁽¹⁾
Mr. Zhuang Yong	Beneficial owner	Personal	800,825	800,825	0.02%
Mr. Yang Lin	Beneficial owner	Personal	2,550,000	2,550,000	0.07%
Mr. Zhou Hancheng	Beneficial owner	Personal	810,000	810,000	0.02%
Mr. Yung Kwok Kee, Billy	Beneficial owner	Personal	19,194,749	464,390,730	13.05%
	Beneficiary of a trust ⁽²⁾	Other	372,617,689		
	Interest of controlled corporation ⁽³⁾	Interest in controlled corporation	62,578,292		
	Interest of spouse ⁽⁴⁾	Family	10,000,000		
Ms. Liu Ping	Interest of spouse	Family	200,000	200,000	0.01%
Dr. Chung Shui Ming, Timpson	Beneficial owner	Personal	544,875	544,875	0.02%

Notes:

- (1) The percentage is based on the total number of Shares in issue as at 31 December 2025 (i.e. 3,559,374,732 Shares).
- (2) These Shares are held by a trust for the benefit of Mr. Yung Kwok Kee, Billy and his family members.
- (3) These Shares are held by Extra-Fund Investment Limited, a wholly-owned subsidiary of Shell Electric Holdings Limited, which in turn is owned as to 80.55% by Red Dynasty Investments Limited, a company wholly owned by Mr. Yung Kwok Kee, Billy.
- (4) Mr. Yung Kwok Kee, Billy is deemed to be interested in 10,000,000 Shares through the interest of his spouse, Ms. Vivian Hsu.

Save as disclosed above, as at 31 December 2025, no interests and short positions were held or deemed or taken to be held by any Directors or the CEO or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

Save as disclosed above, during the year ended 31 December 2025, none of the Directors and the CEO (including their spouses and children under the age of 18) had any interests in, or had been granted any rights to subscribe for the shares, options and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

Directors' Report

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

As at 31 December 2025, the following substantial shareholders of the Company and other persons (other than Directors or the CEO) had interests in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

LONG POSITIONS IN SHARES OF THE COMPANY

Name of shareholders	Capacity	Nature of interests	Number of Shares held	Aggregate long position	Percentage of Shares in issue ⁽¹⁾
CSCEC	Interest of controlled corporation ⁽²⁾	Interest in controlled corporation	1,410,758,152	1,410,758,152	39.63%
Diamond Key Enterprises Inc. ("Diamond Key")	Beneficial owner ⁽³⁾	Beneficial	190,910,903	190,910,903	5.36%
On Fat Profits Corporation ("On Fat")	Beneficial owner ⁽³⁾	Beneficial	181,706,786	181,706,786	5.11%
UBS TC (Jersey) Ltd ("UBS TC")	Trustees of trusts ⁽³⁾	Other	372,617,689	372,617,689	10.47%
Ms. Vivian Hsu	Beneficial owner	Personal	10,000,000	464,390,730	13.05%
	Interest of spouse ⁽⁴⁾	Family	454,390,730		
FIL Limited ("FIL")	Interest of controlled corporation ⁽⁵⁾	Interest in controlled corporation	286,886,513	286,886,513	8.06%
Pandanus Partners L.P. ("Pandanus Partners")	Interest of controlled corporation ⁽⁵⁾	Interest in controlled corporation	286,886,513	286,886,513	8.06%
Pandanus Associates Inc. ("Pandanus Associates")	Interest of controlled corporation ⁽⁵⁾	Interest in controlled corporation	286,886,513	286,886,513	8.06%
Fidelity Funds	Beneficial owner	Beneficial	214,984,469	214,984,469	6.04%

Notes:

- (1) The percentage is based on the total number of Shares in issue as at 31 December 2025 (i.e. 3,559,374,732 Shares).
- (2) CSCEC holds as to approximately 57.70% of the shareholding interest in CSCECL. CSCECL wholly owns COHL which, in turn, holds as to approximately 56.10% of the shareholding interest in COLI. COLI wholly owns Big Crown Limited ("Big Crown") and China Overseas Project Development Limited ("China Overseas Project Development"), and Big Crown wholly owns Star Amuse Limited ("Star Amuse"). Star Amuse and China Overseas Project Development hold 1,357,257,348 Shares and 53,500,804 Shares, respectively.
- (3) 372,617,689 Shares held by UBS TC (including 190,910,903 Shares and 181,706,786 Shares held by Diamond Key and On Fat, respectively) are disclosed in the section headed "Directors' and Chief Executive's Interests in Securities" above as being held under a trust with Mr. Yung Kwok Kee, Billy and his family members as the beneficiaries. None of the Directors are directors or employees of Diamond Key and On Fat.
- (4) Ms. Vivian Hsu is deemed to be interested in 454,390,730 Shares through the interest of her spouse, Mr. Yung Kwok Kee, Billy.
- (5) Pandanus Associates is interested in 286,886,513 Shares, of which 17,522,246 Shares are reported as unlisted derivatives settled in cash. Pandanus Associates acts as general partner of and has 100% control over Pandanus Partners which in turn holds as to 48.83% of the shareholding interest in FIL. FIL is interested in these 286,886,513 Shares through a series of subsidiaries.

Save as disclosed above, the Company had not been notified by any other person (other than the Directors or the CEO) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 December 2025.

Directors' Report

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP

CONTINUING CONNECTED TRANSACTIONS

(1) Continuing Connected Transactions with CSCECL Group

CSCECL Engagement Agreement and Renewal CSCECL Engagement Agreement with CSCECL

On 18 May 2022, the Company and CSCECL entered into an engagement agreement to renew the engagement agreement dated 27 June 2019 for a term of three years from 1 July 2022 to 30 June 2025 (the "CSCECL Engagement Agreement").

Pursuant to the CSCECL Engagement Agreement, the Group will go through its standard and systematic tender procedures as set out in the Company's announcement dated 18 May 2022 and the CSCECL Group may act as contractor for the Group in the PRC to provide construction related services upon successful tender awarded to the CSCECL Group based on the terms of the successful tenders, subject to the following caps. The services include building design, construction, piling and foundation, building and property fitting-out work, interior decoration, installation of air-conditioning units and elevators. In any event, the prices and terms of the contracts awarded by the Group to the CSCECL Group shall be no more favourable than those awarded to the independent third party contractors.

For the period from 1 July to 31 December 2022	For the year ended 31 December 2023	For the year ended 31 December 2024	For the period from 1 January to 30 June 2025
RMB280 million	RMB520 million	RMB520 million	RMB280 million

As the CSCECL Engagement Agreement was due to expire on 30 June 2025, on 9 May 2025, the Company and CSCECL entered into an engagement agreement to renew the CSCECL Engagement Agreement for a term of three years from 1 July 2025 to 30 June 2028 (the "Renewal CSCECL Engagement Agreement"), with effect from the satisfaction of the conditions precedent set out in the Renewal CSCECL Engagement Agreement.

Pursuant to the Renewal CSCECL Engagement Agreement, the Group will go through its standard and systematic tender procedures as set out in the Company's circular dated 30 May 2025 and the CSCECL Group may act as contractor for the Group in the PRC to provide construction related services upon successful tender awarded to the CSCECL Group based on the terms of the successful tenders, subject to the following caps. The services include building design, construction, piling and foundation, building and property fitting-out work, interior decoration, installation of air-conditioning units and elevators, environmental, social and governance related consulting, etc. In any event, the prices and terms of the contracts awarded by the Group to the CSCECL Group shall be no more favourable than those awarded to the independent third party contractors.

For the period from 1 July to 31 December 2025	For the year ending 31 December 2026	For the year ending 31 December 2027	For the period from 1 January to 30 June 2028
RMB500 million	RMB800 million	RMB800 million	RMB500 million

CSCECL is an intermediate holding company of COLI, which held approximately 38.32% of the issued share capital of the Company as at the date of the CSCECL Engagement Agreement, and approximately 39.63% of the issued share capital of the Company as at the date of the Renewal CSCECL Engagement Agreement. Accordingly, CSCECL is a connected person of the Company, and the transactions contemplated under each of the CSCECL Engagement Agreement and the Renewal CSCECL Engagement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Directors' Report

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(2) Continuing Connected Transactions with COLI Group

(i) Supplies Framework Agreement with COLI

On 21 October 2024, the Company and COLI entered into a framework agreement to renew the framework agreement dated 27 April 2022 for a term of three years from 1 January 2025 to 31 December 2027 (the "Supplies Framework Agreement"), with effect from the satisfaction of the conditions precedent set out in the Supplies Framework Agreement.

Pursuant to the Supplies Framework Agreement, (i) the COLI Group may submit tender for the supply of materials in relation to the works in the categories of civil engineering works, electrical and mechanical works and decoration (the "Materials") for the property development projects owned or developed/to be developed by the Group in the PRC (the "Projects") as supplier of the Group in accordance with the standard and systematic tendering procedures of the Group as set out in the Company's circular dated 15 November 2024 from time to time; and (ii) the COLI Group may act as supplier of the Materials for the relevant Projects upon the COLI Group's successful tender subject to the caps as set out in the table below. In any event, the prices and terms of the individual contracts awarded by the Group to the COLI Group are no more favourable than those awarded to independent third parties.

For the year ended 31 December 2025	For the year ending 31 December 2026	For the year ending 31 December 2027
RMB1.5 billion	RMB1.5 billion	RMB1.5 billion

COLI held approximately 39.63% of the issued share capital of the Company as at the date of the Supplies Framework Agreement. Accordingly, COLI is a connected person of the Company, and the transactions contemplated under the Supplies Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(ii) Huayi Framework Agreement and Renewal Huayi Framework Agreement with Hua Yi Design Consultants Limited ("Huayi Design")

On 16 December 2022, the Company and Huayi Design (a wholly-owned subsidiary of COLI) entered into a framework agreement to renew the framework agreement dated 27 February 2020 for a term of three years from 1 January 2023 to 31 December 2025 (the "Huayi Framework Agreement").

Pursuant to the Huayi Framework Agreement, the Group may engage Huayi Design and its subsidiaries from time to time (the "Huayi Design Group") to provide scheme design, preliminary design and construction drawing design services in each construction stage (the "Design Services") to the Group's property development projects in the PRC upon successful tender awarded to the Huayi Design Group. The maximum total contract sum that may be awarded by the Group to the Huayi Design Group shall not exceed the following caps:

For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2025
RMB30 million	RMB30 million	RMB30 million

Directors' Report

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(2) Continuing Connected Transactions with COLI Group (Continued)

(ii) Huayi Framework Agreement and Renewal Huayi Framework Agreement with Hua Yi Design Consultants Limited ("Huayi Design") (Continued)

As the Huayi Framework Agreement was due to expire on 31 December 2025, on 31 December 2025, the Company and Huayi Design entered into a framework agreement to renew the Huayi Framework Agreement for a term of three years from 1 January 2026 to 31 December 2028 (the "Renewal Huayi Framework Agreement").

Pursuant to the Renewal Huayi Framework Agreement, the Group may engage the Huayi Design Group to provide Design Services to the Group's property development projects upon successful tender awarded to the Huayi Design Group. The maximum total contract sum that may be awarded by the Group to the Huayi Design Group shall not exceed the following caps:

For the year ending 31 December 2026	For the year ending 31 December 2027	For the year ending 31 December 2028
RMB36 million	RMB36 million	RMB36 million

Pursuant to the Huayi Framework Agreement and the Renewal Huayi Framework Agreement, the Group will go through a competitive tender process to select and appoint a service provider for the Group's property development projects. In the event that the expected contract amount involved is not more than RMB50,000 or no tenderer is available and it will not be appropriate for the Group to go through the above tendering procedures, the Group will seek quotations from at least three service providers (including independent third party(ies)), among which the lowest quotation will be selected on the condition that the selected service provider also satisfies the selection criteria as set out in the tendering procedures. In any event, the price and terms offered by the Huayi Design Group shall be, from the Group's perspective, equal to or better than those offered by the independent third party service providers. Further details of the standard and systematic tender procedures of the Group are set out in the section headed "Pricing Basis" in the Company's announcements dated 16 December 2022 and 31 December 2025.

Huayi Design is a wholly-owned subsidiary of COLI, which held approximately 39.63% of the issued share capital of the Company as at the dates of both the Huayi Framework Agreement and the Renewal Huayi Framework Agreement. Accordingly, Huayi Design is a connected person of the Company, and the transactions contemplated under each of the Huayi Framework Agreement and the Renewal Huayi Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Directors' Report

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(2) Continuing Connected Transactions with COLI Group (Continued)

(iii) Trademark Licence Agreement with China Overseas Group Trade Mark Limited ("COGTM")

On 30 March 2023, the Company and COGTM, a wholly-owned subsidiary of COLI and the trademark owner, entered into a trademark licence agreement for a term of three years from 1 April 2023 to 31 March 2026 (the "Trademark Licence Agreement").

Pursuant to the Trademark Licence Agreement, COGTM agreed to grant a non-exclusive right to the Company, its subsidiaries and its member company to use its trademark "中国海外地产" in the PRC for the purpose of or in connection with the marketing and sale of the real estate developments and the royalty payable in arrears by the Company is one per cent of the Company's audited annual consolidated turnover for each financial year ended on 31 December 2023, 2024 and 2025 provided that the royalty payable for each of the 12-month period between 1 April 2023 and 31 March 2026 shall not exceed HK\$200 million.

COLI held approximately 39.63% of the issued share capital of the Company as at the date of the Trademark Licence Agreement. Accordingly, COGTM is a connected person of the Company, and the transactions contemplated under the Trademark Licence Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(iv) 2023 Lease Framework Agreement with COLI

On 31 October 2023, the Company and COLI entered into a framework agreement for a term of three years from 1 November 2023 to 31 October 2026 (the "2023 Lease Framework Agreement").

Pursuant to the 2023 Lease Framework Agreement, members of the COLI Group (as lessee) may lease the properties owned by the Group in the PRC, including but not limited to office premises, shops, car parking spaces, apartments, serviced apartments, hotels, storage rooms, advertising space, etc., from members of the Group (as lessor), subject to the following caps:

For the period from 1 November to 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2025	For the period from 1 January to 31 October 2026
RMB5 million	RMB31 million	RMB31 million	RMB26 million

In assessing the fees for the leasing transactions in relation to the properties owned by the Group, members of the Group will take into account of, among others, (i) the location, size, usage, nature and conditions of the properties owned by the Group; (ii) the qualifications and performance of contractual obligations of the potential tenants; (iii) the term of the leases; and (iv) the prevailing market fees of comparable properties within the proximity.

In order to ascertain the prevailing market price as mentioned above, the internal control team of the Company will monitor the leasing transactions and ensure that the rent of the leasing transactions will be on normal commercial terms or better by comparing rent offered by independent third parties for leasing properties comparable to the properties owned by the Group in terms of type, size and location.

COLI held approximately 39.63% of the issued share capital of the Company as at the date of the 2023 Lease Framework Agreement. Accordingly, COLI is a connected person of the Company, and the transactions contemplated under the 2023 Lease Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Directors' Report

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(2) Continuing Connected Transactions with COLI Group (Continued)

(v) Haizhichuang Framework Agreement with 深圳海智創科技有限公司 (Shenzhen Haizhichuang Technology Limited* ("Haizhichuang"))

On 29 December 2023, the Company and Haizhichuang, a wholly-owned subsidiary of COLI, entered into a framework agreement to renew the framework agreement dated 24 August 2021 for a term of three years from 1 January 2024 to 31 December 2026 (the "Haizhichuang Framework Agreement").

Pursuant to the Haizhichuang Framework Agreement, the Group may engage Haizhichuang to provide information technology services (the "IT Services"), which include but not limited to software licensing, software development, information system integration services, intelligent engineering services, software platform technology services, and relevant consultancy services, for the Group's property development projects in the PRC, subject to the following caps:

For the year ended 31 December 2024	For the year ended 31 December 2025	For the year ending 31 December 2026
RMB10 million	RMB10 million	RMB10 million

In assessing the fees for the IT Services, member(s) of the Group will take into account of (i) the number of the property projects of the relevant member of the Group in the PRC under development which will require the IT Services; (ii) the unit price for the IT Services to be required by the target property projects of the relevant member of the Group, which is determined based on the types, quality and standards of the information technology services; and (iii) the prevailing market price of the same or substantially similar services.

In order to ascertain the prevailing market price as mentioned above, the Group will obtain quotations for the same or substantially similar services with comparable scope, quantity and quality from time to time from at least two independent third party service providers and then compare, evaluate and assess those quotations against the service fees quoted by Haizhichuang for individual contracts to ensure that the service fees payable by the relevant member of the Group to Haizhichuang will be no more favourable than those payable to the independent third party service providers.

COLI held approximately 39.63% of the issued share capital of the Company as at the date of the Haizhichuang Framework Agreement. Accordingly, Haizhichuang is a connected person of the Company, and the transactions contemplated under the Haizhichuang Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Directors' Report

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(2) Continuing Connected Transactions with COLI Group (Continued)

(vi) 2024 Lease Framework Agreement with COLI

On 1 February 2024, the Company and COLI entered into a framework agreement for the period from 1 February 2024 to 31 December 2026 (the "2024 Lease Framework Agreement").

Pursuant to the 2024 Lease Framework Agreement, members of the Group (as lessee) may lease properties owned by the COLI Group, including but not limited to office premises, apartments, shops, parking lots, canteens, etc., from members of the COLI Group (as lessor), subject to the following caps:

For the period from 1 February to 31 December 2024	For the year ended 31 December 2025	For the year ending 31 December 2026
RMB10 million	RMB11 million	RMB11 million

In assessing the rents/licence fees (exclusive of rates, government rent, water charges, cleaning charges and electricity charges) for the leasing or licensing transactions in relation to the properties owned by the COLI Group, members of the Group will take into account of, among others, (i) the location, size, usage, nature and conditions of the properties owned by the COLI Group; (ii) the term of the leases/licences; and (iii) the prevailing market rents/licence fees of comparable properties within the proximity.

COLI held approximately 39.63% of the issued share capital of the Company as at the date of the 2024 Lease Framework Agreement. Accordingly, COLI is a connected person of the Company, and the transactions contemplated under the 2024 Lease Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(3) Continuing Connected Transactions with CSC Group

Master Engagement Agreement with CSC

On 20 October 2023, the Company and CSC entered into a master engagement agreement to renew the master engagement agreement dated 19 November 2020 for a term of three years from 1 January 2024 to 31 December 2026 (the "Master Engagement Agreement"), with effect from the satisfaction of the conditions precedent set out in the Master Engagement Agreement.

Directors' Report

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(3) Continuing Connected Transactions with CSC Group (Continued)

Master Engagement Agreement with CSC (Continued)

Pursuant to the Master Engagement Agreement, (i) the CSC Group may tender for the Group's construction works in the PRC as construction contractor in accordance with the tendering procedures of the Group from time to time subject to the caps as set out in the table below; and (ii) the Group may engage the CSC Group as construction contractor for the Group's construction works in the PRC upon the CSC Group's successful tender. The maximum total contract sum that may be awarded to the CSC Group for each year is subject to the following caps:

For the year ended 31 December 2024	For the year ended 31 December 2025	For the year ending 31 December 2026
RMB1.8 billion	RMB1.8 billion	RMB1.8 billion

Pursuant to the Master Engagement Agreement, the Group will normally invite construction contractors to participate in competitive tenders for the Group's construction works in the PRC in accordance with its standard and systematic tendering procedures. In any event, the price and terms of the tenders awarded by the Group to the CSC Group are no more favourable than those awarded to independent third parties. Further details of the tender procedures of the Group are set out in the paragraph headed "Pricing Basis" in the Company's circular dated 10 November 2023.

COHL held approximately 64.81% of the issued share capital of CSC and, through COLI, held approximately 39.63% of the issued share capital of the Company as at the date of the Master Engagement Agreement. Therefore, CSC is a connected person of the Company, and the transactions contemplated under the Master Engagement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(4) Continuing Connected Transactions with CPH Group

(i) Carpark Framework Agreement and Renewal Carpark Framework Agreement with CPH

On 5 September 2022, the Company and CPH entered into a framework agreement to renew the framework agreement dated 23 October 2019 for a term of three years from 1 January 2023 to 31 December 2025 (the "Carpark Framework Agreement").

Pursuant to the Carpark Framework Agreement, the Group may from time to time enter into transactions with the CPH Group for the disposal of the rights-of-use of car parking spaces (including the right to occupy, assign or rent out, until the land use right(s) of the relevant project(s) at which the car parking spaces are located expire) by the Group to the CPH Group as its inventory, such car parking spaces being car parking spaces of developments or properties built, developed or owned by the Group and managed by the CPH Group as property manager (the "Disposal Transactions"). The maximum total agreement sums payable by the CPH Group to the Group for the Disposal Transactions shall not exceed the following caps:

For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2025
HK\$300 million	HK\$300 million	HK\$300 million

Directors' Report

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(4) Continuing Connected Transactions with CPH Group (Continued)

(i) Carpark Framework Agreement and Renewal Carpark Framework Agreement with CPH (Continued)

As the Carpark Framework Agreement was due to expire on 31 December 2025, on 28 November 2025, the Company and CPH entered into a framework agreement to renew the Carpark Framework Agreement for a term of three years from 1 January 2026 to 31 December 2028 (the "Renewal Carpark Framework Agreement").

Pursuant to the Renewal Carpark Framework Agreement, the Group may from time to time enter into Disposal Transactions with the CPH Group. The maximum total agreement sums payable by the CPH Group to the Group for the Disposal Transactions shall not exceed the following caps:

For the year ending 31 December 2026	For the year ending 31 December 2027	For the year ending 31 December 2028
RMB100 million	RMB100 million	RMB100 million

Pursuant to the Carpark Framework Agreement and the Renewal Carpark Framework Agreement, the Group will verify the valuation to be obtained by the Group from an independent third party property appraiser and will take into account the factors such as development cost, historical maintenance cost, ongoing management cost savings, terms of the Disposal Transactions and the qualifications of the purchaser to determine the sale price for each relevant Disposal Transaction. In any event, the sale price shall be no less favourable to the Group than that available to independent third party purchasers for similar transactions.

COHL is a holding company of each of CPH and COLI which in turn held approximately 39.63% of the issued share capital of the Company as at the dates of both the Carpark Framework Agreement and the Renewal Carpark Framework Agreement. Accordingly, CPH is a connected person of the Company, and the Disposal Transactions contemplated under each of the Carpark Framework Agreement and the Renewal Carpark Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(ii) Property Management Framework Agreement with CPH

On 28 April 2023, the Company and CPH entered into a framework agreement to renew the framework agreement dated 28 April 2020 for a term of three years from 1 July 2023 to 30 June 2026 (the "Property Management Framework Agreement").

Pursuant to the Property Management Framework Agreement, the Group may engage the CPH Group to provide property management services and value-added services for the property development projects or properties owned or held by the Group in the PRC, Hong Kong, Macau and other locations through the tender process of the Group from time to time.

Directors' Report

CONNECTED TRANSACTIONS ENTERED INTO BY THE GROUP (CONTINUED)

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

(4) Continuing Connected Transactions with CPH Group (Continued)

(ii) Property Management Framework Agreement with CPH (Continued)

The Group's standard and systematic tender procedure is set out in the Company's announcement dated 28 April 2023. In any event, the price and terms of the contracts and tenders awarded by the Group to the CPH Group are no more favourable than those awarded to independent third parties. Upon successful tender, the Group may engage the CPH Group to provide the property management services and value-added services to the Group, subject to the following caps:

For the period from 1 July to 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2025	For the period from 1 January to 30 June 2026
HK\$230 million	HK\$460 million	HK\$470 million	HK\$250 million

COHL is the holding company of CPH, and held approximately 39.63% of the issued share capital of the Company as at the date of the Property Management Framework Agreement. Accordingly, CPH is a connected person of the Company, and the transactions contemplated under the Property Management Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(5) Continuing Connected Transactions with CSCD Group

CSCD Framework Agreement with CSCD

On 26 April 2024, the Company and CSCD entered into a framework agreement to renew the framework agreement dated 24 March 2021 for a term of three years from 1 July 2024 to 30 June 2027 (the "CSCD Framework Agreement").

Pursuant to the CSCD Framework Agreement, the Group will go through its standard and systematic tendering procedures as disclosed in the Company's announcement dated 26 April 2024. In any event, the price and terms of the tenders awarded by the Group to the CSCD Group are no more favourable than those awarded to independent third parties. Upon successful tender, the Group may engage the CSCD Group to provide the project supervision services to the Group in relation to the property development projects of the Group in the PRC from time to time, subject to the following caps:

For the period from 1 July to 31 December 2024	For the year ended 31 December 2025	For the year ending 31 December 2026	For the period from 1 January to 30 June 2027
HK\$20 million	HK\$40 million	HK\$40 million	HK\$25 million

COHL held approximately 70.78% of the issued share capital of CSCD and approximately 39.63% of the issued share capital of the Company as at the date of the CSCD Framework Agreement. Accordingly, CSCD is a connected person of the Company, and the transactions contemplated under the CSCD Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Directors' Report

REVIEW BY AUDIT COMMITTEE MEMBERS AND AUDITOR

The Independent Non-executive Directors have reviewed the continuing connected transactions during the year disclosed by the Group in this section and confirmed that the transactions were entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms and no less favourable than those available to or from independent third parties; and
- (3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions for the year ended 31 December 2025 disclosed by the Group in the sub-section "Continuing Connected Transactions" under the section "Connected Transactions Entered into by the Group" above in accordance with Rule 14A.56 of the Listing Rules.

During the year, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

CONTRACTS OF SIGNIFICANCE

The transactions set out in paragraphs (1), (2)(i), (2)(iii), (3), (4)(i) and (4)(ii) of the sub-section "Continuing Connected Transactions" under the section "Connected Transactions Entered into by the Group" above are considered as contracts of significance under paragraph 16(1) of Appendix D2 to the Listing Rules.

CONTRACTS OF SIGNIFICANCE FOR THE PROVISION OF SERVICES TO THE GROUP

The transactions set out in paragraphs (1), (3) and (4)(ii) of the sub-section "Continuing Connected Transactions" under the section "Connected Transactions Entered into by the Group" above are considered as contracts of significance for the provision of services to the Group under paragraph 16(2) of Appendix D2 to the Listing Rules.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The facility agreements/letters, which have been entered into by the Company in the following terms and conditions and continue to subsist at 31 December 2025, are set out below:

- | | | |
|-----|-----------------------------------|---|
| (1) | Date: | 18 January 2023 |
| | Amount: | Loan facility up to HK\$1 billion |
| | Term: | 3 years commencing from the first utilisation date |
| | Specific Performance Obligations: | COLI has the single largest shareholding interest in the Company and the Company is under the management control of COLI |
| (2) | Date: | 25 August 2025 |
| | Amount: | Loan facilities up to RMB3 billion equivalent |
| | Term: | 36 months commencing from the first utilisation date |
| | Specific Performance Obligations: | COLI remains the single largest shareholder of the Company and holds at least 30% of the issued share capital of the Company, and is able to nominate or have nominated not less than two-third of the Executive Directors and Non-executive Directors of the Company |

Directors' Report

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES (CONTINUED)

The above facilities shall be cancelled and all outstanding amounts shall become immediately due and payable if any of the relevant specific performance obligations is breached.

As at the date of this report, COLI owns approximately 39.63% of the total number of shares of the Company in issue.

MAJOR SUPPLIERS AND CUSTOMERS

During the year ended 31 December 2025, sales to the Group's five largest customers together represented less than 30% of the Group's total turnover and purchases from the Group's five largest suppliers together represented less than 30% of the Group's total purchases.

ESG MANAGEMENT AND ACHIEVEMENTS

In 2025, the Group established the "Five Pillars" ESG management framework, comprising five management pillars: evaluation standards, indicator system, organizational system, annual tasks, and working mechanisms, systematically advancing the ESG work system. Focusing on the four major rating agencies – MSCI, GRESB, Wind, and S&P CSA – the Group set out its management improvement targets for 2025. Rating indicators were decomposed to departments and incorporated into accountability statements as performance evaluation criteria, driving deep integration of ESG into business operations. Under the Executive Committee, an ESG Steering Committee and Working Committee were established to handle decision-making and execution respectively, ensuring effective implementation of strategies. Targeted improvement initiatives were launched to address rating weaknesses, with clear accountability and success metrics. Quarterly review meetings were held to close the loop, benchmarking against industry best practices. Four working mechanisms were established: Board review, working meetings, on-site supervision, and risk early warning. An "ESG+" performance evaluation system was constructed, covering headquarters, regional companies, and functional lines to ensure indicator decomposition and implementation at all levels.

The Group achieved strategic upgrades across four dimensions: management system certification, clean energy scaling, business synergy integration, and green finance normalization, completing the transformation from "compliance response" to "value creation."

Focusing on management system certification, the Group has obtained ISO certifications for environment, quality, and occupational health and safety. Its business scenarios cover real estate development, hotel management, commercial operations, cultural tourism, technology innovation, and energy management, with a solid management system foundation. In 2025, the Group released the "Climate Change Response White Paper," systematically disclosing its practices and layout in climate governance, strategic planning, risk management, and target achievement. Climate change response has been deeply integrated into corporate strategy, providing a replicable paradigm for the real estate industry to build climate resilience and achieve green transformation.

Focusing on clean energy scaling, the Group actively promotes clean energy transformation. New projects comprehensively advance distributed photovoltaic clean energy applications. In 2025, the planned installed capacity of distributed photovoltaic projects reached 5.1MW. Distributed photovoltaic projects at Huizhou Zhonghai Tangquan Hotel (惠州中海湯泉酒店), Shantou Zhonghai Nanbin Hotel (汕頭中海南濱酒店), and Jiujiang Zhonghai Lushan Xihai Hotel (九江中海廬山西海酒店) were successively completed and connected to the grid, achieving clean energy in public areas and effectively reducing operational carbon emissions.

Directors' Report

ESG MANAGEMENT AND ACHIEVEMENTS (CONTINUED)

Deepening business synergy integration, the Group collaborated with government planning to create the Nanning Jiangqiao Regional Low-Carbon Center. Low-carbon industry implementation assisted the Company in successfully bidding for land in Nanning, providing key support for subsequent low-carbon benchmark project expansion, achieving a win-win between ESG capabilities and business development. Meanwhile, the Company further iterates the "6+3" product system, including the Smart Carbon Series "Smart Carbon Space", "Intelligent Carbon Management Platform for Residential Buildings", "Intelligent Carbon Management Platform for Commercial Buildings", "Smart Carbon Planet", "Smart Carbon Consumption", "ESG Cloud Map" and the Smart Series "Smart Construction Site", "Carbon Wise Home" and "Carbon Wise House", as well as promotes the application of the system, so as to empower the green development with technology.

Advancing green finance normalization, the Company established the "GSS+ Carbon Neutrality" green financing model. Since issuing the industry's first carbon neutrality green corporate bond, it has continuously added sustainability-linked loans. In 2025, it added RMB870 million in low-interest financing from DBS Bank.

ESG RATINGS AND HONORS

Against the backdrop of generally declining industry ratings, the Group's four major ESG ratings all improved: MSCI ESG rated A, Wind ESG rating upgraded to AAA (stable top three in the industry), GRESB scored 97, and S&P CSA score improved to 64, ranking in the industry's first tier.

The Group was honored with multiple annual awards in green low-carbon innovation and the ESG field, including the UN Sustainable Development Goals Hong Kong Achievement Award, Listed Company ESG Governance Excellence Award, RICS China Award for Sustainable Development Achievement Excellence Award, Cailianshe Corporate ESG Pioneer Award, Carbon Neutrality Field Innovation Enterprise Award, CONSTRUCTION21 International Green Solutions Award International Award, Forbes China ESG Innovation Enterprise Award, ESG Annual Action Breakthrough Pioneer Award, Asian Corporate Social Responsibility Award, and Energy Saving and Emission Reduction Technology Progress Award.

ENVIRONMENTAL POLICY AND PERFORMANCE

As one of the leading property developers in Chinese Mainland, the Group is committed to the research and development of zero-carbon technologies and project practices, focusing on creating safe, comfortable, green and smart property projects and promoting the sustainable development of the construction and real estate industries. On the basis of the successful implementation of the ultra-low-energy cluster demonstration project, the Group has gradually developed the implementation capability of the whole industry chain, including ESG+dual-carbon planning and consulting, AI+IoT low-carbon intelligent operation and maintenance of buildings, zero-carbon building development and energy-saving renovation of existing buildings, and distributed new energy investment, installation, construction and operation. By participating in academic research and applying scientific and technological innovation, the Group works together with the stakeholders to explore the development direction of green buildings and contribute to the national carbon neutrality goal.

The Group has formulated its Environmental Policy, which covers a wide range of environmental areas such as climate change response, energy management, water resource management, waste management, biodiversity conservation, sustainable construction and green procurement, and reviews and revises it at least once every three years in accordance with national development strategies and industry standards to ensure that the policy is up-to-date and effective.

Directors' Report

ENVIRONMENTAL POLICY AND PERFORMANCE (CONTINUED)

To mitigate the risks of climate change, the Group strives to combine its strategy in response to climate change with the green building development strategy. According to the national unified plans and relevant requirements, the Group formulates “dual carbon” goals in line with its own characteristics, and actively carries out research on the identification of risks and opportunities related to climate change and the path towards carbon peak and carbon neutrality. The Group promises that, by 2029, the carbon emissions within the Group’s operation boundary will peak, and it will be fully electrified and thus fossil fuels will no longer be used by the Group. By 2049, the Group will only be using renewable energy and achieve carbon neutrality within the operation boundary. The proportion of implementation of the ultra-low energy consumption buildings, near-zero energy consumption buildings, zero energy consumption buildings will increase tremendously. Intensity of carbon emission will gradually decrease as compared to that of the base year and there will be a prominent decrease in carbon emission throughout the whole life cycle of the buildings. The Group will also examine the reporting requirements and assessment methods for climate scenario analysis, in preparation of future assessment on any extreme and chronic risks under different climate scenarios, and also to improve the governance performance of the Group in the climate-related issues.

The Group has actively explored diversified green certification methods, promoted high-level certification and international certification in new projects, and launched green building certification for renovation of self-owned properties through green energy-saving renovation. Among them, He Shan Da Guan* (河山大觀) project in Hohhot is in the process of applying for the Ministry of Housing and Construction’s three-star logo for green building operation period after completing the accumulation of data and monitoring for two year. It has also been awarded the 2025 Gold Award for Outstanding Residential Community of the Tien-yow Jeme Civil Engineering Prize. Weifang’s Da Guan Tian Xia* (大觀天下) has completed LEED Gold pre-certification. China Overseas International Centre* (中海國際中心) in Beijing has completed the two-star green building renovation and put into operation. During the year, 100% of the Group’s new projects met the national star-rated green building design standards.

Directors' Report

COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS THAT HAVE MAJOR IMPACTS ON THE GROUP

The Group is committed to strictly abiding the environmental laws and regulations that may have major impacts on the Group's operations. It is subject to the scrutiny of the government, social organisations and the public. In addition, the Group has implemented different management measures according to different stages of the projects to ensure compliance with the relevant laws and regulations, including conducting environmental impact assessments and commissioning third parties to supervise the operations. All projects are under the unified management of the Project Development Department, with the legal affairs management system being adopted to all project company subsidiaries.

The following table lists out the environmental laws and regulations which may have significant impacts on the Group's operations and management measures to help the Group comply with such laws and regulations. In 2025, there was no case of non-compliance with such environmental laws and regulations.

Project phase	Environmental laws and regulations that have major impacts on the Group	Compliance measures
Planning	- Environmental Impact Assessment Law of the People's Republic of China - Administrative Regulation on Environmental Protection for Construction Projects	Environmental impact assessment was undertaken in all new property development projects of the Group to ensure comprehensive review was carried out before they were constructed to prevent adverse environmental impact of the planning and construction project. The Group compiled environmental impact assessment reports, reporting spreadsheets, or registers according to the degree of environmental impact of the new projects. These documents are submitted to the administrative authorities of environmental protection in the local government for approval before the construction commences.
Construction	- Environmental Protection Law of the People's Republic of China - Water Pollution Prevention and Control Law of the People's Republic of China - Prevention and Control of Noise Pollution Law of the People's Republic of China - Prevention and Control of Environmental Pollution by Solid Waste Law of the People's Republic of China - Administrative Regulation on Environmental Protection for Construction Projects	During the construction process, the Group comprehensively considered the environment and the needs of the surrounding communities, focusing on four major aspects which are dust control, noise control, drainage management and waste management. The Group has assigned third party supervision units to its property projects in PRC to provide supervision service. The Group has obtained environmental protection acceptance and inspection approvals for all completed projects.

Directors' Report

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group operates in a sustainable manner and values the interests of employees, shareholders and investors, customers, suppliers, business partners, industry associations, governmental departments and various stakeholders in the community, different channels have been established to foster the exchange and communications with stakeholders.

EMPLOYEES

The Group is committed to establishing a workplace environment with safety, fairness, trust and development capacity for all employees. The Group believes that all employees should be treated with respect regardless of age, gender, family status, disability, race, ethnic background and nationality, and have equal opportunities to unleash their potentials. As of 31 December 2025, female employees accounted for over 43% of the Group's workforce. Since the principal business of the Group is property development, it is one of the industries with the highest proportion of male employees. However, the Group fully acknowledges the importance of diversity mindset at executive level, endorses gender balance at the workplace and encourages to uphold the core values of inclusivity and openness while pledging to the principle of selecting and deploying human resources based on merits. Also, it ensures equal opportunities during the processes of employment, promotion and remuneration determination and consider the capabilities, performance and qualifications during such processes. The Group will not prejudice or treat differently on account of the candidate's gender, and will continuously promote the level of diversity of the Group. The Group attaches great importance to building a bridge of communication with employees, and fully protects the employees' rights to know, express, participate and supervise. The Group regularly conducts satisfaction surveys, employee seminars, sharing sessions and other activities, and has set up a dedicated email for employees' communication to listen to employees' opinions and suggestions on the Group's operation and management. Through information technology and interactive learning platforms, online training courses are actively provided with more newly developed functions such as live broadcasts, Q&A and discussion to meet the progress and needs of employees.

SHAREHOLDERS AND INVESTORS

The Group regularly holds results presentations and general meetings of shareholders to inform the shareholders and investors about the Group's operating performance, financial status and strategic developments. It also organises investor briefings, local and international investor roadshows, investor promotion activities, etc., and participates in industry thematic forums to facilitate communication between the Company and shareholders and the investment community, to understand the capital market's suggestions and opinions on stakeholder communication, and to formulate an annual improvement plan. The Company has also set up an investor relations email to receive daily inquiries from investors and respond them in a timely manner.

Directors' Report

RELATIONSHIPS WITH KEY STAKEHOLDERS (CONTINUED)

CUSTOMERS

The Group plays an active role in building long-term and close relationships with customers. In order to meet the increasing public expectations for the products and services, the Group has formulated "Project Quality Management Measure", "Stop Point Inspection System" and "Apartment Acceptance Inspection Standard", and proactively assumed its responsibilities as a property developer at different stages such as planning, construction, acceptance and inspection, sales and after-sales service, in order to gain the trust of customers and maintain a good reputation. In addition to the formulation of the "Guidelines for Customer Review" and "Customer Complaint and Claims Management Methods", the Group regularly carries out customer satisfaction surveys, organises home visits and evening parties for owners, and uses the online system to receive, track and respond customer consultations, complaints and maintenance requests. It solicits customers' feedback through various channels in order to continuously enhance service quality.

SUPPLIERS AND CONTRACTORS

When dealing with suppliers and partners, the Group adheres to the principle of fairness and impartiality, and maintain the most rigorous ethical and professional conduct. The Group also encourages the suppliers to sign the "Integrity Agreement", and provides them with the business ethics training, to ensure that the projects are in compliance, ethical and orderly carried out. At present, the Group is partnered with 7,102 suppliers and contractors which are located across all project cities.

The Group actively empowers its suppliers and contractors in green transformation and initiates green supply chain initiatives to promote the application of green and low-carbon materials. In addition, the Group has provided ESG indicator training covering more than 300 suppliers, and regularly issued questionnaires to suppliers and business partners to understand their satisfaction with the cooperation process and suggestions for improvement. We have promoted carbon footprint measurement for 13 centralized procurement suppliers and established a full life-cycle carbon emission database, which provides data support for carbon trading and ESG carbon reduction disclosure in subsequent low-carbon building development. We will continue to explore new approaches to the green transformation of the supply chain.

GOVERNMENT AND REGULATORY BODIES

The Group works closely with local governments and timely reports project preparation progress and construction progress to relevant departments to ensure that operations comply with relevant laws and regulations. The Group will also receive on-site inspections by governmental departments at all levels to understand their opinions on project planning, construction and operation processes.

INDUSTRY ASSOCIATIONS

The Group actively joined the industry association alliance and participated in industry communication meetings, large-scale promotion of ultra-low and near-zero energy buildings and research work on zero energy and zero carbon buildings, and 16 sharing and exchange sessions. The Group was also invited to participate in the United Nations Climate Change Conference COP30 side event on the theme of "China Corner", where it explored the improvement and upgrading of craftsmanship and technology with outstanding peers, and promoted the green transformation of the construction industry. The Group also participated in the preparation of 33 national, industry and group standards, including the "Technical Specification for the Measurement of Building Carbon Emission Detection Platforms", "Technical Specification for Ultra-low Energy Consumption Residential Buildings", "Healthy Residential Evaluation Standard (Revised)" and "Carbon Neutral Declaration Standard for Buildings", which have assisted the industry's development in terms of high quality standardisation.

Directors' Report

RELATIONSHIPS WITH KEY STAKEHOLDERS (CONTINUED)

MEDIA

The Group holds media conferences, participates in media interviews, answers questions raised by the media, and proactively announces the progress of the Company's operations through the media at appropriate times.

COMMUNITY

The Group has been maintaining a good relationship with the local community in a sincere and open manner. During the entire construction cycle, the Group invites community residents to participate in project surveys to fully collect their views on the construction of the projects. The Group's "China Overseas Club" regularly organises various caring activities, such as home visit's inspection of electricity safety for property owners, maintenance of air-conditioning facilities and other professional services. The Group has responded positively to the call of the society by actively providing health and education services to the local community and encouraging its employees to participate in community building by incorporating ageing-friendly and caring designs for the underprivileged into community building, providing convenience and safety protection for the elderly through the installation of facilities such as barrier-free access and emergency call systems, etc. It also launches community care activities such as canteens for owners, free meals for the elderly and Xiaohai classrooms, in order to respond to the needs of the underprivileged groups and promote the harmonious development of communities. The Group also contributes to social welfare undertakings and supports the revitalisation of villages by donating to charitable funds, launching public welfare activities and procuring public welfare materials, etc. in order to make its best endeavour to address the practical difficulties of the public.

The Group has scheduled sustainable development strategic works in 2025, and will set the scope of sustainability development works based on business development, including green buildings. For the progress of the strategy planning, please refer to the "Environmental, Social and Governance Report" published by the Group on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.cogogl.com.hk under the "Sustainability Development" section. 

HEALTH AND SAFETY

The Board is responsible for the health and safety of the employees of the Group, and has formulated "Safety Production Responsibility List", "Engineering Safety Management Measures", "Engineering Safety Management Reward and Punishment Measures" and "Commercial Company Safety Production Operation Management Manual" in order to clearly designate the responsible entities as well as providing the measures, guidelines and manual for the prevention and management in relation to the employees' health and safety.

Directors' Report

PUBLIC FLOAT

As at the date of this report, based on the public information available to the Company and to the best knowledge of the Directors, the Company maintained sufficient public float, being at least 25% of the total number of Shares in issue held by the public, as required under the Listing Rules.

DONATIONS

During the year, the Group made charitable and other donations of HK\$2,019,000 (2024: Nil).

CHANGES IN DIRECTORS' INFORMATION

Changes in Directors' information since the date of the 2025 interim report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

- Ms. Liu Ping has been appointed as the deputy finance director of COLI with effect from January 2026.
- Mr. Lam Kin Fung, Jeffrey:
 - ceased to be a member of the Legislative Council of Hong Kong Special Administrative Region of the People's Republic of China with effect from January 2026;
 - ceased to be a general committee member of the Hong Kong General Chamber of Commerce with effect from January 2026;
 - has been appointed as the chairman of Vocational Training Council with effect from January 2026;
 - has been appointed as a council member of the Hong Kong General Chamber of Commerce with effect from January 2026; and
 - has been re-designated from managing director to chairman of Forward Winsome Industries Limited with effect from January 2026.
- Mr. Fan Chun Wah, Andrew:
 - retired as an independent non-executive director of Chuang's China Investments Limited with effect from September 2025;
 - has been appointed as an independent non-executive director of Chuang's Consortium International Limited with effect from September 2025;
 - has been appointed as a member of the Legislative Council of Hong Kong Special Administrative Region of the People's Republic of China with effect from January 2026; and
 - resigned as an independent non-executive director of Nameson Holdings Limited with effect from March 2026.

The updated biography details of Directors are set out in the section headed "Directors and Organisation" in this annual report.

Directors' Report

AUDITOR

BDO Limited ("BDO") retired as auditor of the Company with effect from the conclusion of the annual general meeting of the Company held on 24 June 2024 ("AGM"). PricewaterhouseCoopers ("PwC") was appointed as the auditor of the Company by the shareholders of the Company at the AGM to fill in the vacancy following the retirement of BDO.

The Board confirmed that there was no disagreement between BDO and the Company. Save as disclosed above, there was no other change in auditor of the Company during the past three years.

The consolidated financial statements of the Group for the year ended 31 December 2025 have been audited by PwC who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board

Zhuang Yong

Chairman and Executive Director

Hong Kong, 23 March 2026

Independent Auditor's Report



羅兵咸永道

To the Members of China Overseas Grand Oceans Group Limited
(incorporated in Hong Kong with limited liability)

OPINION

WHAT WE HAVE AUDITED

The consolidated financial statements of China Overseas Grand Oceans Group Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 102 to 210, comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

OUR OPINION

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

INDEPENDENCE

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to the assessments of net realizable value of inventories properties.

Key Audit Matter	How our audit addressed the Key Audit Matter
<i>Assessments of net realizable value of inventories of properties</i>	
Refer to notes 5.1(c) and 19 to the consolidated financial statements.	We have performed the following procedures to address this key audit matter:
Inventories of properties amounted to RMB71,121,208,000 as at 31 December 2025, accounting for approximately 60% of the Group's total assets. As at 31 December 2025, the provision for the write-down of inventories of properties to their net realizable value amounted to RMB2,879,853,000 and the amount as recognized in profit or loss for the year then ended amounted to RMB445,350,000.	(i) Obtained an understanding of management's internal control and assessment process of the net realizable value of the inventories of properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud.
Inventories of properties are stated at the lower of cost and net realizable value. Management assessed the net realizable value based on the estimated selling prices, anticipated cost to completion for properties under development, and estimated selling expenses by referencing to the comparable market transactions, management's budget of estimated cost to completion and selling expenses to revenue ratio in previous projects respectively. The determination of net realizable value of the inventories of properties involved critical accounting estimates on the selling prices, the cost to completion for properties under development and selling expenses.	(ii) Evaluated and tested, on a sample basis, the controls relating to management's assessment of the net realizable value of inventories of properties. (iii) Evaluated the outcome of prior period assessment of the net realizable value of the inventories of properties to assess the effectiveness of management's estimation process.

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
We focused on this matter because of the magnitude of the inventories of properties balance and given that the management's estimation of net realizable value of the inventories of properties is subject to a high degree of estimation uncertainty.	(iv) Assessed the reasonableness of the management's key estimates as adopted in determining the net realizable value of the inventories of properties including: • For the estimated selling prices, we compared, on a sample basis, to the contracted selling prices of the underlying properties or prevailing market prices of properties with comparable conditions and locations, where applicable; • For the anticipated cost to completion for properties under development, we reconciled, on a sample basis, the anticipated cost to completion to the latest construction cost budget and compared the major cost compositions contained in these estimates with the actual cost compositions of similar type of completed properties of the Group in similar locations, where applicable; and • For the estimated selling expenses which are estimated based on a certain percentage of selling prices, we compared these estimated percentages with the historical average ratio of selling expenses to revenue of the Group. Based on the above procedures performed, we found that the key estimates made by management in relation to the assessment of net realizable value of inventories of properties were supported by the available evidence.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Pong Fei Ho (practising certificate number: P05268).

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 23 March 2026

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	6	36,874,435	45,895,252
Cost of sales and services provided		(33,673,545)	(42,049,101)
Gross profit		3,200,890	3,846,151
Other income and gains, net	8	238,269	499,617
Distribution and selling expenses		(1,289,451)	(1,373,053)
Administrative expenses		(621,036)	(762,613)
Operating profit		1,528,672	2,210,102
Finance costs	10	(49,931)	(59,453)
Share of results of associates		(40,046)	27,588
Share of results of joint ventures		(73,022)	(17,493)
Profit before income tax	9	1,365,673	2,160,744
Income tax expense	11	(816,342)	(944,903)
Profit for the year		549,331	1,215,841
Profit for the year attributable to:			
Owners of the Company		304,658	954,050
Non-controlling interests		244,673	261,791
		549,331	1,215,841
		RMB Cents	RMB Cents
Earnings per share	13		
Basic		8.6	26.8
Diluted		8.6	26.8

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 RMB'000	2024 RMB'000
Profit for the year		549,331	1,215,841
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss</i>			
Exchange differences on translation of the Company's financial statements	35	(371,762)	284,242
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences on translation of subsidiaries' financial statements		1,091,913	(900,017)
Losses on net investment hedges	35	(590,724)	–
Other comprehensive income for the year, net of tax		129,427	(615,775)
Total comprehensive income for the year		678,758	600,066
Total comprehensive income attributable to:			
Owners of the Company		434,085	338,275
Non-controlling interests		244,673	261,791
		678,758	600,066

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	15	5,594,312	4,536,748
Property, plant and equipment	16	1,167,014	808,564
Right-of-use assets	37(a)	397,039	327,305
Interests in associates	17	518,696	518,273
Interests in joint ventures	18	359,951	412,458
Deferred tax assets	33	984,402	1,376,844
		9,021,414	7,980,192
Current assets			
Inventories of properties	19	71,121,208	84,369,988
Other inventories	20	2,954	2,772
Contract costs	21	44,289	55,261
Trade and other receivables	22	825,607	748,410
Prepayments and deposits	23	4,265,194	3,282,159
Amounts due from associates	24	850,011	726,912
Amounts due from joint ventures	25	388,566	441,985
Amounts due from non-controlling shareholders	26	3,348,730	2,896,924
Tax prepaid		1,966,248	1,387,437
Cash and bank balances	28	26,864,619	27,290,854
		109,677,426	121,202,702
Current liabilities			
Trade and other payables	29	11,517,590	13,650,255
Pre-sales proceeds	30	20,075,687	27,803,620
Amounts due to associates	24	183,166	155,166
Amounts due to joint ventures	25	380,344	255,857
Amounts due to non-controlling shareholders	26	5,302,128	5,129,250
Amounts due to related companies – due within one year	27	261,145	186,119
Lease liabilities – due within one year	37(a)	11,081	9,133
Guaranteed notes and corporate bonds – due within one year	32	2,200,000	2,800,000
Taxation liabilities		1,406,889	2,048,482
Bank and other borrowings – due within one year	31	9,460,090	9,729,105
		50,798,120	61,766,987
Net current assets		58,879,306	59,435,715
Total assets less current liabilities		67,900,720	67,415,907

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Bank and other borrowings – due after one year	31	24,447,150	21,190,484
Lease liabilities – due after one year	37(a)	11,438	15,658
Amount due to a related company – due after one year	27	–	75,026
Guaranteed notes and corporate bonds – due after one year	32	2,800,000	5,982,049
Deferred tax liabilities	33	2,595,392	2,601,627
		29,853,980	29,864,844
Net assets		38,046,740	37,551,063
CAPITAL AND RESERVES			
Share capital	34	6,047,372	6,047,372
Reserves	35	25,573,975	25,348,495
Equity attributable to owners of the Company		31,621,347	31,395,867
Non-controlling interests	36	6,425,393	6,155,196
Total equity		38,046,740	37,551,063

On behalf of the directors

Zhuang Yong
Director

Zhou Hancheng
Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2025

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Translation reserve*	Assets			Total		
			revaluation reserve*	Statutory reserve*	Retained profits**			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
(note 34)	(note 35)	(note 35)	(note 35)	(note 35)		(note 36)		
At 1 January 2025	6,047,372	(1,821,685)	30,075	3,345,666	23,794,439	31,395,867	6,155,196	37,551,063
Profit for the year	-	-	-	-	304,658	304,658	244,673	549,331
Exchange differences on translation of the Company's financial statements (note 35)	-	(371,762)	-	-	-	(371,762)	-	(371,762)
Exchange differences on translation of subsidiaries' financial statements	-	1,091,913	-	-	-	1,091,913	-	1,091,913
Losses on net investment hedges (note 35)	-	(590,724)	-	-	-	(590,724)	-	(590,724)
Total comprehensive income for the year	-	129,427	-	-	304,658	434,085	244,673	678,758
Transfer from retained profits to PRC statutory reserve	-	-	-	152,988	(152,988)	-	-	-
2025 interim dividend paid (note 12(a))	-	-	-	-	(32,670)	(32,670)	-	(32,670)
2024 final dividend paid (note 12(b))	-	-	-	-	(227,602)	(227,602)	-	(227,602)
Contributions from non-controlling shareholders	-	-	-	-	-	-	404,200	404,200
Return of capital to non-controlling shareholders	-	-	-	-	-	-	(51,423)	(51,423)
Dividend attributable to non-controlling shareholders	-	-	-	-	-	-	(245,586)	(245,586)
Acquisition of additional equity interest in a subsidiary while retaining control	-	-	-	-	51,667	51,667	(81,667)	(30,000)
Transactions with owners	-	-	-	-	(208,605)	(208,605)	25,524	(183,081)
At 31 December 2025	6,047,372	(1,692,258)	30,075	3,498,654	23,737,504	31,621,347	6,425,393	38,046,740

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2025

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Translation reserve*	Assets		Retained profits**	Total		
			revaluation reserve*	Statutory reserve*				
			RMB'000	RMB'000				
			(note 34)	(note 35)				
At 1 January 2024	6,047,372	(1,205,910)	30,075	2,527,146	23,904,849	31,303,532	6,825,984	38,129,516
Profit for the year	-	-	-	-	954,050	954,050	261,791	1,215,841
Exchange differences on translation of the Company's financial statements (note 35)	-	284,242	-	-	-	284,242	-	284,242
Exchange differences on translation of subsidiaries' financial statements	-	(900,017)	-	-	-	(900,017)	-	(900,017)
Total comprehensive income for the year	-	(615,775)	-	-	954,050	338,275	261,791	600,066
Transfer from retained profits to PRC statutory reserve	-	-	-	818,520	(818,520)	-	-	-
2024 interim dividend paid (note 12(a))	-	-	-	-	(97,730)	(97,730)	-	(97,730)
2023 final dividend paid (note 12(b))	-	-	-	-	(360,660)	(360,660)	-	(360,660)
Contributions from non-controlling shareholders	-	-	-	-	-	-	248,000	248,000
Return of capital to non-controlling shareholders	-	-	-	-	-	-	(248,000)	(248,000)
Dividend attributable to non-controlling shareholders	-	-	-	-	-	-	(202,020)	(202,020)
Acquisition of additional equity interests in subsidiaries while retaining control (note 39)	-	-	-	-	212,450	212,450	(730,559)	(518,109)
Transactions with owners	-	-	-	-	(245,940)	(245,940)	(932,579)	(1,178,519)
At 31 December 2024	6,047,372	(1,821,685)	30,075	3,345,666	23,794,439	31,395,867	6,155,196	37,551,063

* The total of these equity accounts at the end of the reporting period represents "Reserves" in the consolidated statement of financial position.

As at 31 December 2025, other reserves related to transactions with non-controlling shareholders which included in retained profits amounted to RMB566,862,000 (2024: RMB515,195,000).

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
Operating activities			
Profit before income tax		1,365,673	2,160,744
Adjustments for:			
Share of results of associates		40,046	(27,588)
Share of results of joint ventures		73,022	17,493
Gain on disposal of property, plant and equipment		(112)	(1,908)
Loss on disposal of a joint venture		390	21,213
Depreciation		125,939	122,404
Write-off of property, plant and equipment		9	22
Write-down of inventories of properties	9(a)	445,350	673,015
Impairment losses on trade and other receivables		7,617	–
Impairment losses on amounts due from associates, joint ventures and non-controlling shareholders		24,490	–
Interest income		(212,696)	(222,817)
Finance costs		49,931	59,453
Net foreign exchange losses/(gains)		737	(212,484)
Operating cash flows before movements in working capital		1,920,396	2,589,547
Changes in working capital:			
Inventories of properties		12,576,955	23,676,001
Other inventories		(182)	48
Trade and other receivables, prepayments and deposits		(824,562)	684,361
Contract costs		10,972	19,956
Restricted bank balances		57,495	401,863
Trade and other payables		(2,175,745)	(3,902,681)
Pre-sales proceeds		(7,727,933)	(13,025,558)
Cash from operations		3,837,396	10,443,537
Income taxes paid		(1,650,250)	(1,414,341)
Net cash from operating activities		2,187,146	9,029,196
Investing activities			
Purchase of property, plant and equipment	16	(7,858)	(5,407)
Dividends received from joint ventures and associates	40(c)	2,834	2,275
Proceeds from disposal of property, plant and equipment		11,279	3,823
Proceeds from disposal of a joint venture		23,174	6,095
Interest received		212,696	222,817
Advances to associates		(149,031)	(42,632)
Advances to joint ventures		(791)	(1,602)
Repayments from joint ventures		770	1,703
Net cash from investing activities		93,073	187,072

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
Financing activities	40(a)		
Proceeds from bank and other borrowings		17,106,355	15,079,235
Repayments of bank and other borrowings		(14,030,252)	(19,314,402)
Proceeds from issue of corporate bonds		2,800,000	–
Redemption of corporate bonds		(2,800,000)	–
Redemption of guaranteed notes		(3,697,047)	–
Advances from associates		28,000	92,508
Repayments to associates		–	(4,681)
Advances from joint ventures		125,297	3,837
Repayments to joint ventures		(1,356)	(2,045)
Cash advances from non-controlling shareholders		916,273	757,251
Repayments of cash advances from non-controlling shareholders		(785,919)	(1,274,573)
Advances to non-controlling shareholders		(705,000)	(520,285)
Repayments from non-controlling shareholders		2,220	22,060
Payment of principal element of leases		(20,025)	(18,038)
Payment of other interests		(1,422,496)	(1,629,999)
Dividends paid to owners of the Company		(260,272)	(458,390)
Dividends paid to non-controlling shareholders	40(b)	(222,132)	(102,763)
Contributions from non-controlling shareholders	40(b)	404,200	248,000
Return of capital to non-controlling shareholders		(51,423)	–
Acquisitions of additional equity interests in subsidiaries while retaining control		(30,000)	(425,282)
Net cash used in financing activities		(2,643,577)	(7,547,567)
Net (decrease)/increase in cash and cash equivalents		(363,358)	1,668,701
Cash and cash equivalents at 1 January		21,735,740	20,063,626
Effect of foreign exchange rate changes on cash and cash equivalents		(5,382)	3,413
Cash and cash equivalents at 31 December		21,367,000	21,735,740
Analysis of the balance of cash and cash equivalents			
Cash and bank balances as per consolidated statement of financial position		26,864,619	27,290,854
Less: restricted bank balances	28	(5,497,619)	(5,555,114)
		21,367,000	21,735,740

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

China Overseas Grand Oceans Group Limited (the “Company”) is a limited liability company incorporated in the Hong Kong Special Administrative Region (“Hong Kong”), the People’s Republic of China (the “PRC”) and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the Company’s registered office and principal place of business is Suites 701–702, 7/F., Three Pacific Place, 1 Queen’s Road East, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively, the “Group”) mainly comprise property development and commercial property operations. The Group’s business activities are principally carried out in certain regions in the Chinese Mainland.

The Company is an associated company of China Overseas Land & Investment Limited (“COLI”). COLI is a company incorporated in Hong Kong with limited liability and its shares are listed on the Stock Exchange. COLI’s ultimate holding company is 中國建築集團有限公司 China State Construction Engineering Corporation* (“CSCEC”), an entity established in the PRC.

The consolidated financial statements for the year ended 31 December 2025 were approved and authorized for issue by the directors on 23 March 2026.

2. BASIS OF PREPARATION

2.1 Compliance with HKFRS Accounting Standards and HKCO

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards (“HKFRS”), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards (“HKAS”) and Interpretations as issued by the Hong Kong Institute of Certified Public Accountants and requirements of the Hong Kong Companies Ordinance Cap. 622 (“HKCO”).

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group’s consolidated financial statements, are disclosed in note 5.

2.2 Historical cost convention

The consolidated financial statements have been prepared under the historical cost basis except for investment properties which are measured at fair value.

All values are rounded to the nearest thousand except otherwise indicated.

2.3 Functional and presentation currencies

The functional currency of the Company is Hong Kong dollars (“HK\$”), while the Group’s consolidated financial statements are presented in Renminbi (“RMB”).

The Group’s business activities are mainly conducted in the Chinese Mainland and the functional currency of those operating subsidiaries in the Chinese Mainland is RMB. Having considered that most of the Group’s transactions are denominated and settled in RMB and using RMB as the presentation currency could reduce the impact of any fluctuations in the exchange rate of HK\$ against RMB on the consolidated financial statements of the Group, which is not due to the operations and beyond the control of the Group, thus enabling the shareholders of the Company to have a more accurate picture of the Group’s financial performance, the directors decided to use RMB as the presentation currency for the preparation of the Group’s consolidated financial statements.

* English translation is for identification only

Notes to the Consolidated Financial Statements

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

3.1 New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for its annual reporting period commencing 1 January 2025:

HKAS 21 and HKFRS 1 (Amendments)	Lack of Exchangeability
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The amendments listed above did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

3.2 New and amended standards and interpretations not yet adopted

Certain new or amended accounting standards and interpretations have been published that are not mandatory for 31 December 2025 reporting period and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKFRS 9 and HKFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 9 and HKFRS 7 (Amendments)	Contracts Referencing Nature-dependent Electricity	1 January 2026
HKAS 7, HKFRS 1, HKFRS 7, HKFRS 9 and HKFRS 10 (Amendments)	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Hong Kong Interpretation 5 (Amendment)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

HKFRS 18 will replace HKAS 1 *Presentation of Financial Statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated income statements and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. The Group expects to apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

Except for the abovementioned changes in presentation and disclosure, these pronouncements are not expected to have a material impact on the results or the financial position of the Group.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of the consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

4.1 Principles of consolidation and equity accounting

(i) *Subsidiaries*

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

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 4.2).

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

(ii) *Associates*

Associates are all entities over which the group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting (see note 4.1(iv) below), after initially being recognized at cost.

(iii) *Joint arrangements*

Under HKFRS 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint ventures.

Interests in joint ventures are accounted for using the equity method (see Note 4.1(iv) below), after initially being recognized at cost in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Principles of consolidation and equity accounting (Continued)

(iv) *Equity method*

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 4.11.

(v) *Changes in ownership interests*

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

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

4.4 Segment reporting

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

4.5 Foreign currency translation

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

All foreign exchange gains and losses are presented in income statement within "Other income and gains, net".

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.5 Foreign currency translation (Continued)

(ii) *Group companies*

The results and statement of financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of financial position are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting currency translation differences are recognized in other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

4.6 Hedge accounting

(i) *Hedging activities*

The Group has designated its RMB denominated borrowings outside the Chinese Mainland as a hedging instrument for the changes in the value of the net investment in the Chinese Mainland attributable to changes in the HKD/RMB spot rate. It is the Group's policy to monitor the currency risk arising from the net investment in Chinese Mainland and to adjust the hedging strategy when necessary. The risk management policy and hedging strategy are reviewed in light of the changes in the value of the Group's total net investment in the Chinese Mainland.

(ii) *Net investment hedges in foreign operations*

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in "Other income and gains, net".

Gains and losses accumulated in equity are reclassified to consolidated income statement when the foreign operation is partially disposed of or sold.

4.7 Investment properties

Investment properties are interest in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purpose. Investment properties also include property that is being constructed or developed for future use as investment properties.

Investment property is initially stated at cost, including directly attributable costs, and subsequently stated at fair value. Any gain or loss resulting from either a change in the fair value or disposal of an investment property is immediately recognized in profit or loss. Right-of-use assets that meet the definition of investment properties are carried at fair value and presented in the consolidated statement of financial position as investment properties (note 4.9). Rental income from investment properties is accounted for as described in note 4.18(iv).

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.7 Investment properties (Continued)

For a transfer from investment property carried at fair value to owner-occupied property, the property's deemed cost for subsequent accounting is its fair value at the date of change in use. For property occupied by the Group as an owner-occupied property which becomes an investment property, the Group accounts for such property in accordance with the policy of property, plant and equipment (note 4.8) up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is dealt with in assets revaluation reserve. On disposal of the property, the assets revaluation reserve is transferred to retained profits as a movement in reserves. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognized in profit or loss. For a transfer from investment properties to inventories of properties, the property's deemed cost for subsequent accounting is its fair value at the date of change in use.

4.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses (note 4.10).

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognized in profit or loss.

Depreciation is provided to write off the cost of each item of property, plant and equipment less its estimated residual value, if applicable, over its estimated useful life on a straight-line basis as follows:

<i>Category of property, plant and equipment</i>	<i>Estimated useful life</i>
Buildings situated on leasehold land	Over the shorter of the remaining lease term of the land or estimated useful life of 20 to 50 years
Leasehold improvements	Over the shorter of the remaining lease term or estimated useful life of 5 years
Furniture, fixtures and office equipment	3 to 10 years
Motor vehicles	4 to 5 years
Ancillary facilities	5 to 10 years

Residual values, useful life and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the item and is recognized in profit or loss.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.9 Leasing

The Group as a lessee

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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

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

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

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.9 Leasing (Continued)

The Group as a lessor

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense on the straight-line basis over the lease term.

4.10 Impairment of non-financial assets

Property, plant and equipment, right-of-use assets and interests in subsidiaries, associates and joint ventures are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.11 Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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

- Financial assets at amortized cost;
- Financial assets at fair value through other comprehensive income; and
- Financial assets at fair value through profit or loss.

The classification is generally based on two criteria:

- the business model under which the financial asset is managed; and
- the contractual cash flow characteristics of the financial asset.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.11 Financial instruments (Continued)

(i) *Financial assets (Continued)*

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

Debt instruments

– Amortized cost

Financial assets that are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss.

(ii) *Impairment loss on financial assets*

The Group recognizes an allowance for expected credit losses (“ECL”) on debt instruments carried at amortized cost (including trade and other receivables, amounts due from associates, joint ventures and non-controlling shareholders, cash and bank balances).

ECL are probability-weighted estimate of credit losses. Credit losses are measured as the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancement that are integral to the contract terms.

The ECL are measured on either of the following bases:

- 12-month ECL: these are the ECL that result from possible default events within 12 months after the reporting date; and
- lifetime ECL: these are the ECL that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.11 Financial instruments (Continued)

(ii) *Impairment loss on financial assets (Continued)*

For contract costs, the Group applies the simplified approach in measuring ECL, that is to recognize a loss allowance based on lifetime ECL at each reporting date. The Group estimates the loss allowance using a provision matrix which is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and other debt financial assets, the Group applies the general approach to measure ECL, that is to recognize a loss allowance based on 12-month ECL. However, when there has been a significant increase in credit risk since initial recognition, the loss allowance will be based on the lifetime ECL.

The Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. For this purpose, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, such as past due status and credit risk rating, where applicable. The Group recognizes an impairment loss or reversal in profit or loss for financial instruments carried at amortized cost by adjusting their carrying amount through the use of a loss allowance account. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Interest income on credit-impaired financial assets is calculated based on the amortized cost (i.e. the gross carrying amount less loss allowance) of the financial assets. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.11 Financial instruments (Continued)

(iii) Financial liabilities

The Group classifies its financial liabilities as (i) financial liabilities at fair value through profit or loss; or (ii) financial liabilities at amortized cost, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortized cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortized cost

Financial liabilities at amortized cost including trade payables, other payables and accruals, amounts due to associates, joint ventures, other related parties and non-controlling shareholders, bank and other borrowings and guaranteed notes and corporate bonds are subsequently measured at amortized cost, using the effective interest method. The related interest expense is recognized in accordance with the Group's accounting policy for borrowing costs and disclosed in finance costs.

(iv) Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognized initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in note 4.11(ii); and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the principles of HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15").

The Group monitors the risk that the specified debtor will default on the contract and recognizes a provision when ECL on the financial guarantees are determined to be higher than the carrying amount of the guarantees. To determine ECL, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.11 Financial instruments (Continued)

(vii) Derecognition

The Group derecognizes a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9 *Financial Instruments*.

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires.

4.12 Inventories of properties

Inventories of properties comprise properties under development and completed properties held for sale. Properties under development are investments in land and buildings on which construction work has not been completed and which, upon completion, management intends to hold for sale purposes. Inventories of properties are stated at the lower of cost and net realizable value. Cost is determined on a specific identification basis and consist of interests in leasehold land (note 4.9), development expenditures including construction costs, borrowing costs capitalized (note 4.17) and other direct costs attributable to the development of such properties. Net realizable value is determined on the basis of anticipated sales proceeds less estimated cost to completion and estimated costs necessary to make the sale.

Inventories of properties are classified under current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

4.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

For the presentation purpose of the consolidated statement of cash flows, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management

4.14 Share capital

Ordinary shares are classified as equity.

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

4.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

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

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

4.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.18 Recognition of revenue and other income

Income is classified by the Group as revenue when it arises from the sales of properties, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue from contracts with customers is recognized when control of properties or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those properties or services, excluding those amounts collected on behalf of third parties. Revenue excludes value-added tax ("VAT") or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the properties or services may be transferred over time or at a point in time. Control of the properties or services is transferred over time if:

- the customers simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(i) Sales of properties

If control of the property is transferred at a point in time, revenue is recognized when the following conditions are fulfilled: (i) the construction of the property is completed; (ii) the significant risks and rewards of ownership of the completed property are passed to the customer, or when customer has taken physical possession or obtained legal title of the completed property; and (iii) the Group has present right to payment and the collection of the consideration is probable.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.18 Recognition of revenue and other income (Continued)

(ii) Hotel operation and other ancillary services

Service fee income in relation to hotel operation and other ancillary services is recognized when the relevant services are provided to the customers.

(iii) Other services income

Service fee income is recognized when the relevant services are provided to the customers.

(iv) Other sources of income

- Rental income under operating leases is recognized on a straight-line basis over the term of the relevant lease (note 4.9).
- Interest income disclosed in other income and gains, net is accrued on a time basis using the effective interest method by applying applicable interest rate on (i) the amortized cost (i.e. gross carrying amount less loss allowance for credit-impaired financial assets); or (ii) the gross carrying amount for non-credit impaired financial assets

4.19 Contract costs and contract liabilities

Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalized as inventories of properties.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Incremental costs of obtaining a contract are capitalized when incurred if the costs relate to revenue which will be recognized in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Capitalized contract costs are stated at cost less accumulated amortization and impairment losses. Impairment losses are recognized to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the assets relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognized as expenses.

Amortization of capitalized contract costs is charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of goods or services to which the costs relate. The accounting policy for revenue recognition is set out in note 4.18.

Contract liabilities

A contract liability is recognized when the customer pays consideration before the Group recognizes the related revenue. A contract liability would also be recognized if the Group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.20 Current and deferred income tax

Income taxes comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax assets also arise from unused tax losses and unused tax credits. Except for temporary differences arising on (i) the initial recognition of goodwill; (ii) the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit and does not give rise to equal taxable and deductible temporary differences; and (iii) investments in subsidiaries and associates and interests in joint arrangements where the Group is able to control the timing of the reversal of the temporary difference; and it is probable that the temporary difference will not reverse in the foreseeable future, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realized or settled and that have been enacted or substantively enacted at the end of the reporting period and reflects any uncertainty related to income taxes.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40. Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the end of the reporting period. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit or tax loss of the periods in which the temporary differences are expected to reverse. The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of taxable income in those years. The estimate of future taxable income includes (i) income or loss excluding reversals of temporary differences; and (ii) reversals of existing temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Income taxes are recognized in profit or loss except when they relate to items recognized in other comprehensive income in which case the taxes are also recognized in other comprehensive income or when they relate to items recognized directly in equity in which case the taxes are also recognized directly in equity.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.21 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognized in the period when the employees render the related service.

Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognized as an expense in profit or loss when the services are rendered by the employees.

Termination benefits

Termination benefits are recognized on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes restructuring costs involving the payment of termination benefits.

4.22 Provisions and contingent liabilities

Provision is recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4.23 Dividend income

Dividend income is recognized when the right to receive payment is established.

4.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

Notes to the Consolidated Financial Statements

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.25 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

5.1 Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these consolidated financial statements, key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

(a) Fair value of investment properties

As disclosed in note 15, the fair values of the investment properties as at 31 December 2025 were estimated by the directors mainly with reference to the property valuation as at 31 December 2025 conducted by independent professional valuers. The valuation was based on certain assumptions which are subject to uncertainty and might materially differ from the actual results. In making the estimates, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of the reporting period.

The carrying amount of investment properties as at 31 December 2025 was RMB5,594,312,000 (2024: RMB4,536,748,000). Further details of the fair value measurement of investment properties are set out in note 15.

Notes to the Consolidated Financial Statements

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

5.1 Key sources of estimation uncertainty (Continued)

(b) *Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for non-financial assets at the end of each reporting period. The Group's non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. When value-in-use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and apply an appropriate discount rate in order to derive the present value of those cash flows. Changes in key assumptions and conditions underlying the estimates and judgment could materially affect the value-in-use calculations and thus, may result in adjustment.

(c) *Net realizable value of inventories of properties*

Include in the consolidated statement of financial position at 31 December 2025 are inventories of properties with an aggregate carrying amount of RMB71,121,208,000 (2024: RMB84,369,988,000), which are stated at lower of cost and net realizable value.

Management determines the net realizable value of the underlying properties which involves, inter-alia, considerable estimation in determining the estimated selling prices of the inventories of properties with reference to recent market price of properties of comparable condition and location less anticipated costs to completion for properties under development and estimated selling expenses by referencing to the comparable market transactions, selling expenses to revenue ratio in previous projects and management's budget of estimated cost to completion respectively.

Determining net realizable value for the current year is subject to more estimation uncertainty as the real estate market in the Chinese Mainland is facing uncertainties on recovery of economy and market sentiment. If the actual net realizable values of the underlying properties are less than the current estimations as a result of change in market condition and/or significant variation in the budgeted development cost, significant amount of additional provision for write-down of inventories of properties may result.

During the year ended 31 December 2025, a write-down of inventories of properties amounting to RMB445,350,000 (2024: RMB673,015,000) has been recognized in the consolidated financial statements (note 9(a)). Further details of the Group's inventories of properties are set out in note 19.

Notes to the Consolidated Financial Statements

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

5.1 Key sources of estimation uncertainty (Continued)

(d) *Loss allowance for financial assets*

The measurement of loss allowance for ECL of financial assets requires judgment, in particular, the assessment of a significant increase in credit risk and credit-impaired financial assets as well as the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

Details of the key assumptions and inputs used for impairment assessment under ECL model are set out in note 48.3.

(e) *Estimates of current tax and deferred tax*

Significant judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxation, particularly for the land appreciation tax ("LAT") in the Chinese Mainland, and implementation of these taxes varies amongst various cities in the Chinese Mainland. The Group has not finalized its LAT calculation and payments with certain local tax authorities in the Chinese Mainland. Accordingly, significant estimation is required in determining the amount of the land appreciation and its related LAT. The Group recognized income tax and LAT based on management's best estimates according to their understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the tax expense in the period in which the tax calculations are finalized with the local tax authorities.

Further details of the income tax expenses and deferred tax are set out in notes 11 and 33.

Notes to the Consolidated Financial Statements

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

5.2 Critical judgments in applying accounting policies

(a) *De facto control over certain subsidiaries*

De facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. Certain investees have been accounted for as subsidiaries by the Group (note 49) although the Group holds less than 50% equity interests in them. The directors assessed whether or not the Group has control over those investees considering whether the Group has the practical ability to direct the relevant activities of those investees unilaterally. In making the judgment, the directors consider the Group's voting power in making decision over the relevant activities of those investees relative to other parties who also hold voting right. Based on management's assessment, the directors concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of those investees and therefore the Group has control over them.

(b) *Joint arrangements*

As at 31 December 2025, the Group held certain percentage of the registered capital/paid up capital and voting rights of certain joint arrangements. The contractual arrangements confer joint control over the relevant activities of the joint arrangements to the Group and the other venturers. In addition, the joint arrangements are structured as limited companies and provide the Group and the other venturers to the arrangements with rights to the net assets of the limited companies under the arrangements. Therefore, based on the judgment of the management, these arrangements are classified as joint ventures. Further details of the Group's joint arrangements are set out in note 18.

6. REVENUE

The principal activities of the Group are disclosed in note 1. Revenue derived from the Group's principal activities comprises of the followings:

	2025 RMB'000	2024 RMB'000
Sales of properties	36,381,069	45,410,942
Commercial property operations	493,366	484,310
Total revenue	36,874,435	45,895,252

The aggregate amount of transaction price allocated to the remaining performance obligations under the Group's outstanding contracts as at 31 December 2025 is RMB20,884,860,000 (2024: RMB29,662,394,000). This amount represents revenue expected to be recognized in future from the sales contracts for properties entered into by the customers with the Group. The Group will recognize the expected revenue in future in accordance with the accounting policies stated in note 4.18, which is expected to occur over the next 12 to 30 months.

The Group has applied the practical expedient under HKFRS 15 to contracts in relation to hotel operations and other ancillary services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations as in general, the contracts in relation to hotel operation and other ancillary services have an original expected duration of one year or less.

Notes to the Consolidated Financial Statements

7. SEGMENT INFORMATION

The operating segments are reported in a manner consistent with the way in which information is reported internally to the Group's management for the purposes of resources allocation and assessment of segment performance.

For the year ended 31 December 2025, the two reportable segments of the Group and the type of revenue are as follows:

Property development	–	property development and sales
Commercial property operations	–	property rentals, hotel and other commercial property operations

Revenue and expenses are allocated to the reportable segments with reference to the sales generated by those segments and the expenses incurred by those segments. Segment revenue represents revenue from external customers and there were no inter-segment sales between different operating segments during the current and prior years. Segment profit/loss includes the Group's share of profit/loss arising from the activities of the Group's associates and joint ventures. Reportable segment profit/loss excludes corporate income and expenses and finance costs from the Group's profit/loss before income tax. Corporate income and expenses are income and expenses incurred by corporate headquarters which are not allocated to the operating segments. Each of the operating segments is managed separately as the resources requirement of each of them is different.

Segment assets include all assets with the exception of tax assets and corporate assets, including certain cash and bank balances and other assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis.

Segment liabilities include trade and other payables, accrued liabilities, amounts due to associates, joint ventures, non-controlling shareholders and related companies and other liabilities directly attributable to the business activities of the operating segments and exclude tax liabilities, corporate liabilities and liabilities such as bank and other borrowings, guaranteed notes and corporate bonds and certain amounts due to related companies that are managed on a group basis.

Notes to the Consolidated Financial Statements

7. SEGMENT INFORMATION (CONTINUED)

Disaggregation of revenue by timing of revenue recognition

Disaggregation of revenue by timing of revenue recognition is set out as follows:

	Property development RMB'000	Commercial property operations RMB'000	Consolidated RMB'000
For the year ended 31 December 2025			
Revenue from contracts with customers disaggregated by timing of revenue recognition			
– Recognition at point in time	36,381,069	–	36,381,069
– Recognition over time	–	189,607	189,607
	36,381,069	189,607	36,570,676
Revenue from other sources			
– Rental income from commercial properties	–	303,759	303,759
	36,381,069	493,366	36,874,435

	Property development RMB'000	Commercial property operations RMB'000	Consolidated RMB'000
For the year ended 31 December 2024			
Revenue from contracts with customers disaggregated by timing of revenue recognition			
– Recognition at point in time	45,410,942	–	45,410,942
– Recognition over time	–	186,113	186,113
	45,410,942	186,113	45,597,055
Revenue from other sources			
– Rental income from commercial properties	–	298,197	298,197
	45,410,942	484,310	45,895,252

Notes to the Consolidated Financial Statements

7. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities

Information regarding the Group's reportable segments including the reportable segment revenue, segment profit/loss, segment assets, segment liabilities, reconciliations to revenue, profit before income tax, total consolidated assets, total consolidated liabilities and other segment information are as follows:

	Property development RMB'000	Commercial property operations RMB'000	Consolidated RMB'000
For the year ended 31 December 2025			
Reportable segment revenue	36,381,069	493,366	36,874,435
Reportable segment profit	1,234,242	157,284	1,391,526
Corporate income			72,500
Finance costs			(49,931)
Other corporate expenses			(48,422)
Profit before income tax			1,365,673
As at 31 December 2025			
Reportable segment assets	106,573,506	7,982,827	114,556,333
Tax assets			2,950,650
Corporate assets*			1,191,857
Total consolidated assets			118,698,840
Reportable segment liabilities	37,476,486	132,615	37,609,101
Tax liabilities			4,002,281
Bank and other borrowings			33,907,240
Guaranteed notes and corporate bonds			5,000,000
Amount due to a related company			75,026
Other corporate liabilities			58,452
Total consolidated liabilities			80,652,100

Notes to the Consolidated Financial Statements

7. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (Continued)

	Property development RMB'000	Commercial property operations RMB'000	Consolidated RMB'000
For the year ended 31 December 2024			
Reportable segment revenue	45,410,942	484,310	45,895,252
Reportable segment profit	1,842,999	192,982	2,035,981
Corporate income			245,956
Finance costs			(59,453)
Other corporate expenses			(61,740)
Profit before income tax			2,160,744
As at 31 December 2024			
Reportable segment assets	118,447,057	7,004,278	125,451,335
Tax assets			2,764,281
Corporate assets*			967,278
Total consolidated assets			129,182,894
Reportable segment liabilities	47,035,617	93,799	47,129,416
Tax liabilities			4,650,109
Bank and other borrowings			30,919,589
Guaranteed notes and corporate bonds			8,782,049
Amount due to a related company			75,026
Other corporate liabilities			75,642
Total consolidated liabilities			91,631,831

* Corporate assets as at 31 December 2025 mainly included property, plant and equipment of RMB65,385,000 (2024: RMB71,087,000), right-of-use assets of RMB82,353,000 (2024: RMB89,516,000) and cash and bank balances of RMB1,040,953,000 (2024: RMB804,879,000), respectively which are managed on a group basis.

Notes to the Consolidated Financial Statements

7. SEGMENT INFORMATION (CONTINUED)

Segment results, segment assets and segment liabilities (Continued)

	Property development RMB'000	Commercial property operations RMB'000	Corporate RMB'000	Consolidated RMB'000
Other information				
For the year ended 31 December 2025				
Interest income	(158,111)	(953)	(53,632)	(212,696)
Depreciation	28,732	84,925	12,282	125,939
Gain on disposal of property, plant and equipment	(17)	(86)	(9)	(112)
Write-off of property, plant and equipment	1	8	–	9
Write-down of inventories of properties	445,350	–	–	445,350
Share of loss of associates	40,046	–	–	40,046
Share of loss/(profit) of joint ventures	77,240	(4,218)	–	73,022
Additions to specified non-current assets #	4,357	3,502	–	7,859
As at 31 December 2025				
Interests in associates	518,696	–	–	518,696
Interests in joint ventures	231,939	128,012	–	359,951
	Property development RMB'000	Commercial property operations RMB'000	Corporate RMB'000	Consolidated RMB'000
Other information				
For the year ended 31 December 2024				
Interest income	(209,097)	(2,773)	(10,947)	(222,817)
Depreciation	29,611	79,189	13,604	122,404
Gain on disposal of property, plant and equipment	(1,908)	–	–	(1,908)
Write-off of property, plant and equipment	22	–	–	22
Write-down of inventories of properties	673,015	–	–	673,015
Share of profit of associates	(27,588)	–	–	(27,588)
Share of loss/(profit) of joint ventures	22,625	(5,132)	–	17,493
Additions to specified non-current assets #	3,896	260	1,250	5,406
As at 31 December 2024				
Interests in associates	518,273	–	–	518,273
Interests in joint ventures	285,830	126,628	–	412,458

Including additions to the Group's investment properties, other properties, plant and equipment, right-of-use assets, interests in associates and joint ventures (i.e. "specified non-current assets"), but excluded those additions arising from transfers between inventories of properties, investment properties and owner-occupied properties.

Notes to the Consolidated Financial Statements

7. SEGMENT INFORMATION (CONTINUED)

Geographical information

All of the Group's revenue is derived from activities conducted in the Chinese Mainland. Accordingly, no analysis of the Group's revenue by geographical locations is presented.

An analysis of the Group's specified non-current assets by geographical locations, determined based on physical location of the assets or location of operations in case of interests in associates and joint ventures, is as follows:

	2025 RMB'000	2024 RMB'000
Hong Kong (place of domicile)	4,835	8,863
The Chinese Mainland	8,032,177	6,594,485
	8,037,012	6,603,348

Information about major customer

None of the customers individually contributed 10% or more of the Group's revenue for the years ended 31 December 2025 and 2024.

8. OTHER INCOME AND GAINS, NET

	2025 RMB'000	2024 RMB'000
Interest income on:		
– Bank deposits	212,696	222,817
Total interest income on financial assets measured at amortized cost	212,696	222,817
Net foreign exchange gains (note)	32,978	234,996
Impairment losses on trade and other receivables	(7,617)	–
Impairment losses on amounts due from associates, joint ventures and non-controlling shareholders	(24,490)	–
Others	24,702	41,804
	238,269	499,617

Note:

The amount for the year ended 31 December 2025 mainly represented the translation of bank balances denominated in RMB in offshore companies which use HK\$ as their functional currencies. The amount for the year ended 31 December 2024 mainly represented the translation of borrowings denominated in RMB in offshore companies which used HK\$ as their functional currencies.

Notes to the Consolidated Financial Statements

9. PROFIT BEFORE INCOME TAX

	2025 RMB'000	2024 RMB'000
Profit before income tax is arrived at after charging/(crediting):		
Depreciation		
Property, plant and equipment (note 16)	96,223	95,359
Right-of-use assets (note 37(a))		
Land use rights of properties with ownership interests held for own use	10,846	10,376
Other properties leased for own use	18,870	16,669
Total depreciation	125,939	122,404
Remuneration to auditor for audit services*		
– Current year	2,800	2,703
Cost of sales and services provided comprise		
– Amount of inventories recognized as cost of sales	32,873,619	40,979,014
– Write-down of inventories of properties (note (a))	445,350	673,015
Short-term leases expenses	2,448	4,253
Rental income from investment properties	257,445	260,040
Less: direct operating expenses from property that generated rental income	(126,214)	(121,544)
Net rental income	131,231	138,496
Staff costs (note (b))	763,002	966,527
Gain on disposal of property, plant and equipment^	(112)	(1,908)
Write-off of property, plant and equipment^	9	22
Loss on disposal of a joint venture^	390	21,213
Other taxes and levies	265,530	227,227

* excluded fees for non-audit services rendered by the auditor which amounted to RMB600,000 (2024: RMB400,000)

^ included in "Other income and gains, net" in the consolidated income statement

Notes to the Consolidated Financial Statements

9. PROFIT BEFORE INCOME TAX (CONTINUED)

Notes:

- (a) Management assessed the net realizable value of the Group's inventories of properties base on the latest market conditions, the government's measures on property market in the Chinese Mainland as well as the Group's development and sales plans. Based on management assessment, the net realizable value of certain property projects were lower than their carrying value and thus, a write-down of inventories of properties amounting to RMB445,350,000 (2024: RMB673,015,000) was recorded in profit or loss under "Cost of sales and services provided".
- (b) Staff costs (including directors' emoluments) comprise:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and other benefits	686,042	882,543
Contributions to defined contribution retirement plans (note 41)	76,960	83,984
	763,002	966,527

10. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on bank and other borrowings	1,115,243	1,406,826
Interest on corporate bonds	194,102	181,300
Imputed interest expense on guaranteed notes (note 32(a))	83,186	92,686
Interest on amounts due to non-controlling shareholders	24,622	7,193
Interest on amount due to a related company	3,564	3,564
Interest on lease liabilities (note 37(a))	688	870
Total interest expenses on financial liabilities measured at amortized cost	1,421,405	1,692,439
Less: Amount capitalized	(1,371,474)	(1,632,986)
	49,931	59,453

Borrowing costs capitalized during the year arose from the general borrowing pool are calculated by applying an average capitalization rate of 3.59% (2024: 4.33%) per annum to expenditure on qualifying assets.

Notes to the Consolidated Financial Statements

11. INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
Hong Kong profits tax	–	–
The Chinese Mainland		
– Enterprise income tax ("EIT")	1,489,843	1,185,322
– LAT	(673,501)	(240,419)
	816,342	944,903

The Group is subject to Hong Kong profits tax, which is calculated at tax rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

No Hong Kong profits tax has been provided in the consolidated financial statements as the Group did not derive any estimated assessable profit in Hong Kong for the current year and in prior year.

EIT arising from the Chinese Mainland is calculated at 25% (2024: 25%) on the estimated assessable profits.

The Chinese Mainland LAT is levied at progressive rates from 30% to 60% (2024: 30% to 60%) on the estimated appreciation of land value, being the proceeds of sales of properties less deductible expenditure including cost of land use rights and development and construction expenditure.

The income tax expense for the year can be reconciled to profit before income tax in the consolidated income statement at applicable tax rates as follows:

	2025 RMB'000	2024 RMB'000
Profit before income tax	1,365,673	2,160,744
Tax on profit at the rates applicable to profits in the respective jurisdictions concerned	404,748	612,347
Expenses not deductible for tax purpose	124,008	145,860
Share of results of associates	10,011	(6,897)
Share of results of joint ventures	18,255	4,373
LAT deductible for calculation of income tax	168,375	56,223
Utilization of tax losses previously not recognized	(58,166)	(29,444)
Tax effect of tax losses not recognized	592,704	119,256
Other temporary differences not recognized	111,338	168,254
Over-provision in prior years	8,499	(358)
Withholding tax	100,561	114,969
Others	9,510	739
	1,489,843	1,185,322
LAT	(673,501)	(240,419)
Income tax expense	816,342	944,903

Notes to the Consolidated Financial Statements

12. DIVIDENDS

(a) Dividends payable to owners of the Company attributable to the year:

	2025 RMB'000	2024 RMB'000
Interim dividend – HK\$0.01 (2024: HK\$0.03) per ordinary share	32,670	97,730
Proposed final dividend – HK\$0.025 (2024: HK\$0.07) per ordinary share	79,979	233,884
	112,649	331,614

The final dividend in respect of 2025 of HK\$0.025 (2024: HK\$0.07) per ordinary share, amounting to HK\$88,984,000, equivalent to approximately RMB79,979,000 (2024: HK\$249,156,000, equivalent to approximately RMB233,884,000), has been proposed by the directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

The amount of the proposed final dividend, which was calculated based on the number of ordinary shares in issue at the date of approval of the consolidated financial statements, has not been recognized as dividend payable in the consolidated statement of financial position as at 31 December 2025.

(b) Dividends payable to owners of the Company attributable to the previous financial year:

	2025 RMB'000	2024 RMB'000
Final dividend in respect of previous financial year, approved and paid during the year of HK\$0.07 (2024: HK\$0.11) per ordinary share	227,602	360,660

Notes to the Consolidated Financial Statements

13. EARNINGS PER SHARE

The calculations of basic earnings per share attributable to owners of the Company are based on the following data:

	2025 RMB'000	2024 RMB'000
Earnings		
Profit for the year attributable to owners of the Company	304,658	954,050
	2025 '000	2024 '000
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue during the year	3,559,375	3,559,375
	2025 RMB cents	2024 RMB cents
Basic earnings per share attributable to the owners of the Company	8.6	26.8

Diluted earnings per share for the years ended 31 December 2025 and 2024 are same as the basic earnings per share as there have been no dilutive potential ordinary shares in existence during the current year and prior year

Notes to the Consolidated Financial Statements

14. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

Directors' emoluments disclosed pursuant to Section 383 of Hong Kong Companies Ordinance, Cap. 622, and the Companies (Disclosure of Information about Benefits of Directors) Regulation, Cap. 622G, are as follows:

Directors' emoluments

	Fees '000	Salaries, allowances and other benefits '000	Discretionary bonus '000	Retirement fund contribution '000	Total '000
For the year ended 31 December 2025					
<i>Executive directors</i>					
Mr. Zhuang Yong	–	RMB2,100	RMB550	RMB118	RMB2,768
Mr. Yang Lin	–	RMB1,783	RMB850	RMB118	RMB2,751
Mr. Zhou Hancheng	–	RMB1,352	RMB900	RMB118	RMB2,370
<i>Non-executive director</i>					
Ms. Liu Ping	–	–	–	–	–
	–	RMB5,235	RMB2,300	RMB354	RMB7,889

	'000	'000	'000	'000	'000
<i>Non-executive director</i>					
Mr. Yung Kwok Kee, Billy*	HK\$400 (approximately RMB369)	–	–	–	HK\$400 (approximately RMB369)
<i>Independent non-executive directors</i>					
Dr. Chung Shui Ming, Timpson*	HK\$400 (approximately RMB369)	–	–	–	HK\$400 (approximately RMB369)
Mr. Lam Kin Fung, Jeffrey*	HK\$400 (approximately RMB369)	–	–	–	HK\$400 (approximately RMB369)
Mr. Fan Chun Wah, Andrew*	HK\$400 (approximately RMB369)	–	–	–	HK\$400 (approximately RMB369)
	HK\$1,600 (approximately RMB1,476)	–	–	–	HK\$1,600 (approximately RMB1,476)

Notes to the Consolidated Financial Statements

14. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (CONTINUED)

Directors' emoluments (Continued)

	Fees '000	Salaries, allowances and other benefits '000	Discretionary bonus '000	Retirement fund contribution '000	Total '000
For the year ended 31 December 2024					
<i>Executive directors</i>					
Mr. Zhuang Yong	–	RMB2,100	RMB615	RMB102	RMB2,817
Mr. Yang Lin	–	RMB1,783	RMB900	RMB102	RMB2,785
Mr. Zhou Hancheng	–	RMB1,323	RMB1,000	RMB102	RMB2,425
<i>Non-executive director</i>					
Mr. Guo Guanghui (note)	–	–	–	–	–
Ms. Liu Ping (note)	–	–	–	–	–
	–	RMB5,206	RMB2,515	RMB306	RMB8,027
	'000	'000	'000	'000	'000
<i>Non-executive director</i>					
Mr. Yung Kwok Kee, Billy*	HK\$400 (approximately RMB366)	–	–	–	HK\$400 (approximately RMB366)
<i>Independent non-executive directors</i>					
Dr. Chung Shui Ming, Timpson*	HK\$400 (approximately RMB366)	–	–	–	HK\$400 (approximately RMB366)
Mr. Lam Kin Fung, Jeffrey*	HK\$400 (approximately RMB366)	–	–	–	HK\$400 (approximately RMB366)
Mr. Fan Chun Wah, Andrew*	HK\$400 (approximately RMB366)	–	–	–	HK\$400 (approximately RMB366)
	HK\$1,600 (approximately RMB1,464)	–	–	–	HK\$1,600 (approximately RMB1,464)

* The amounts are paid in HK\$. The RMB amounts are disclosed for presentation only.

Note:

With effect from 22 April 2024, Mr. Guo Guanghui resigned as non-executive director and Ms. Liu Ping was appointed as non-executive director.

Notes to the Consolidated Financial Statements

14. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (CONTINUED)

Five highest paid individuals

The five individuals with the highest emoluments in the Group include three (2024: three) directors, whose emoluments are included in the disclosures above. The emoluments of the remaining two (2024: two) highest paid individuals for the years ended 31 December 2025 and 2024 were as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and other benefits	2,502	2,491
Discretionary bonus	2,050	2,200
Retirement fund contributions	237	205
	4,789	4,896

Their emoluments were within the following bands:

	Number of individuals	
	2025	2024
HK\$2,500,001 – HK\$3,000,000	2	2

No emolument was paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2024: nil).

Notes to the Consolidated Financial Statements

15. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
Fair value		
At 1 January	4,536,748	4,621,513
Transfer from inventories of properties (note (a))	1,057,564	19,676
Transfer to inventories of properties (note (a))	–	(104,441)
At 31 December	5,594,312	4,536,748

Notes:

- (a) During the years ended 31 December 2025 and 2024, the transfers mainly represented the reclassifications of certain residential, office and commercial units of certain property projects between inventories of properties and investment properties. No fair value gain or loss was recognized at the dates of the respective reclassifications.
- (b) The fair value of the investment properties as at 31 December 2025 and 2024 is a Level 3 recurring fair value measurement, which uses significant unobservable inputs (i.e. inputs not derived from market data).
- (c) For the years ended 31 December 2025 and 2024, no material fair value gain or loss arose from remeasurement of the Group's investment properties.

The fair values of the Group's investment properties as at 31 December 2025 and 2024 were estimated by the directors mainly with reference to the property valuation at that dates conducted by CHFT Advisory and Appraisal Limited ("CHFT").

CHFT is an independent firm of professionally qualified valuers and has appropriate qualifications and recent experiences in the valuation of similar properties in nearby location.

Notes to the Consolidated Financial Statements

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(c) (Continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation:

Properties	Fair value at 31 December 2025 RMB'000	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
China Overseas International Center (comprising office units, shops and car parks)	2,325,000	Direct comparison approach	Selling price of direct market comparables	Office units and shops: RMB27,890 per square metre ("sq.m.") to RMB61,820 per sq.m. Car parks: RMB192,405 per unit	The higher the selling price, the higher the fair value
Other commercial units	2,871,007	Direct comparison approach	Selling price of direct market comparables	RMB3,005 per sq.m. to RMB23,250 per sq.m.	The higher the selling price, the higher the fair value
		Income approach	Term yield	5.5%-6.5%	The higher the term yield, the lower the fair value
			Reversionary yield	6.0%-7.0%	The higher the reversionary yield, the lower the fair value
			Monthly rent of direct market comparables	RMB45 per sq.m. to RMB126 per sq.m.	The higher the monthly rent, the higher the fair value
Residential units	398,305	Direct comparison approach	Selling price of direct market comparables	RMB5,744 per sq.m. to RMB6,600 per sq.m.	The higher the selling price, the higher the fair value
		Income approach	Term yield	2.0%-2.75%	The higher the term yield, the lower the fair value
			Reversionary yield	2.5%-3.0%	The higher the reversionary yield, the lower the fair value
			Monthly rent of direct market comparables	RMB13.7 per sq.m. to RMB21 per sq.m.	The higher the monthly rent, the higher the fair value

Notes to the Consolidated Financial Statements

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(c) (Continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation: (Continued)

Properties	Fair value at 31 December 2024 RMB'000	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
China Overseas International Center (comprising office units, shops and car parks)	2,325,000	Direct comparison approach	Selling price of direct market comparables	Office units and shops: RMB27,900 per sq.m. to RMB61,299 per sq.m. Car parks: RMB192,405 per unit	The higher the selling price, the higher the fair value
Other commercial units	2,109,839	Direct comparison approach	Selling price of direct market comparables	RMB4,704 per sq.m. to RMB22,400 per sq.m.	The higher the selling price, the higher the fair value
		Income approach	Term yield	4.5%-6.5%	The higher the term yield, the lower the fair value
			Reversionary yield	5.0%-7.0%	The higher the reversionary yield, the lower the fair value
			Monthly rent of direct market comparables	RMB46.5 per sq.m. to RMB129 per sq.m.	The higher the monthly rent, the higher the fair value
Residential units	101,909	Direct comparison approach	Selling price of direct market comparables	RMB6,255 per sq.m. to RMB6,516 per sq.m.	The higher the selling price, the higher the fair value
		Income approach	Term yield	2.75%	The higher the term yield, the lower the fair value
			Reversionary yield	2.85%	The higher the reversionary yield, the lower the fair value
			Monthly rent of direct market comparables	RMB16.7 per sq.m. to RMB20.3 per sq.m.	The higher the monthly rent, the higher the fair value

Notes to the Consolidated Financial Statements

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(c) (Continued)

Fair value measurements are based on the highest and best use of the investment properties, which does not differ from their actual use.

During the years ended 31 December 2025 and 2024, there were no transfers into or out of Level 3 or any other level of the fair value hierarchy.

Under the direct comparison approach, fair value is estimated by reference to the selling prices of comparable properties in close proximity which have been adjusted for differences in key attributes of the properties being valued and the comparable properties such as property age, size, characteristics and facilities.

Under the income approach, fair value is estimated by taking into account the current and future market rents that the property is likely able to fetch in the open market on vacant possession basis and capitalized such rents in the remaining land use right term with appropriate property yield(s).

- (d) The investment properties are leased to third parties and related companies under operating leases to earn rental income, further details of which are included in note 37(b).
- (e) As at 31 December 2025, certain investment properties with aggregate carrying value of RMB4,156,854,000 (2024: RMB3,809,482,000) were pledged as securities for the borrowings and banking facilities of the Group, which will be released upon the Group's settlement of the borrowings and banking facilities (note 42).

Notes to the Consolidated Financial Statements

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Ancillary facilities RMB'000	Total RMB'000
COST						
At 1 January 2024	1,078,489	3,952	109,642	25,859	–	1,217,942
Translation adjustment	–	133	7	85	–	225
Additions	–	–	1,792	3,615	–	5,407
Cost adjustment	(42,105)	–	–	–	–	(42,105)
Transferred to inventories of properties	(13,903)	–	–	–	–	(13,903)
Transferred from inventories of properties	32,619	–	–	–	103,888	136,507
Disposals	(2,228)	–	(663)	(7,640)	–	(10,531)
Write-off	–	–	(1,255)	(3,004)	–	(4,259)
At 31 December 2024 and 1 January 2025	1,052,872	4,085	109,523	18,915	103,888	1,289,283
Translation adjustment	–	(174)	(9)	(76)	–	(259)
Additions	–	–	6,107	1,751	–	7,858
Transferred from inventories of properties	458,017	–	–	–	–	458,017
Disposals	(15,725)	–	(881)	(3,625)	–	(20,231)
Write-off	–	–	(10,566)	(782)	–	(11,348)
At 31 December 2025	1,495,164	3,911	104,174	16,183	103,888	1,723,320
DEPRECIATION						
At 1 January 2024	323,358	3,564	51,645	22,142	–	400,709
Translation adjustment	–	132	5	67	–	204
Depreciation provided	69,744	389	16,126	3,040	6,060	95,359
Transferred to inventories of properties	(2,700)	–	–	–	–	(2,700)
Disposals	(602)	–	(663)	(7,351)	–	(8,616)
Write-off	–	–	(1,233)	(3,004)	–	(4,237)
At 31 December 2024 and 1 January 2025	389,800	4,085	65,880	14,894	6,060	480,719
Translation adjustment	–	(174)	(8)	(51)	–	(233)
Depreciation provided	69,209	–	14,800	1,826	10,388	96,223
Disposals	(4,873)	–	(879)	(3,312)	–	(9,064)
Write-off	–	–	(10,557)	(782)	–	(11,339)
At 31 December 2025	454,136	3,911	69,236	12,575	16,448	556,306
NET CARRYING AMOUNT						
At 31 December 2025	1,041,028	–	34,938	3,608	87,440	1,167,014
At 31 December 2024	663,072	–	43,643	4,021	97,828	808,564

As at 31 December 2025, certain buildings within property, plant and equipment with aggregate carrying value of RMB95,291,000 (2024: nil) were pledged as securities for the borrowings and banking facilities of the Group, which will be released upon the Group's settlement of the borrowings and banking facilities (note 42).

Notes to the Consolidated Financial Statements

17. INTERESTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Share of net assets	518,696	518,273

Details of the Group's associates as at 31 December 2025 are set out in note 50.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2025 RMB'000	2024 RMB'000
For the year ended 31 December		
Share of the associates' net (losses)/profit for the year	(40,046)	27,588
Share of the associates' other comprehensive income for the year	–	–
Share of the associates' total comprehensive income for the year	(40,046)	27,588
Dividend received from an associate	–	42,000
As at 31 December		
Aggregate carrying amount of the Group's interests in associates	518,696	518,273

18. INTERESTS IN JOINT VENTURES

	2025 RMB'000	2024 RMB'000
Share of net assets	359,951	412,458

The Group has equity interests in certain joint arrangements, which are separate structured vehicles established in the PRC. The Group has joint control over these arrangements as either unanimous consent is required from all parties to the arrangements for the relevant activities or having regard to the voting power in the shareholders' or directors' meeting, as appropriate.

The contractual arrangements provide the Group with only the rights to the net assets of the joint arrangements, with the rights to the assets and obligation for the liabilities of the joint arrangements resting primarily with the project companies. Accordingly, these joint arrangements are classified as joint ventures and accounted for in the consolidated financial statements using the equity method.

Details of the Group's joint ventures as at 31 December 2025 are set out in note 51.

Notes to the Consolidated Financial Statements

18. INTERESTS IN JOINT VENTURES (CONTINUED)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2025 RMB'000	2024 RMB'000
For the year ended 31 December		
Share of the joint ventures' net losses for the year	(73,022)	(17,493)
Share of the joint ventures' other comprehensive income for the year	–	–
Share of the joint ventures' total comprehensive income for the year	(73,022)	(17,493)
Dividend received from joint ventures	2,834	2,275
As at 31 December		
Aggregate carrying amount of the Group's interests in joint ventures	359,951	412,458

19. INVENTORIES OF PROPERTIES

	2025 RMB'000	2024 RMB'000
Properties under development	42,269,416	57,895,604
Properties held for sale	28,851,792	26,474,384
	71,121,208	84,369,988

All properties are located in the Chinese Mainland. The normal operating cycle of the Group's property development generally ranges from 12 months to 24 months.

The Group's inventories of properties are carried at the lower of cost and net realizable value. As at 31 December 2025, provision of write-down of inventories of properties to net realizable value amounted to RMB2,879,853,000 (2024: RMB3,470,568,000).

Properties under development amounting to RMB25,169,334,000 as at 31 December 2025 (2024: RMB23,598,906,000) under normal operating cycle are not expected to be recovered within twelve months from the end of the reporting period.

Leasehold interests in land included in inventories of properties amounted to RMB42,310,555,000 as at 31 December 2025 (2024: RMB53,169,842,000). The relevant land use rights are on leases of 40 to 70 years.

As at 31 December 2025, certain inventories of properties with aggregate carrying value of RMB4,817,837,000 (2024: RMB7,196,481,000) were pledged as securities for the borrowings and banking facilities of the Group, which will be released upon the Group's settlement of the borrowings and banking facilities (note 42).

Notes to the Consolidated Financial Statements

20. OTHER INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials and consumables	2,954	2,772

21. CONTRACT COSTS

Details of the contract costs recognized by the Group are as follows:

	2025 RMB'000	2024 RMB'000
Contract costs of obtaining contracts	44,289	55,261

Contract costs capitalized as at 31 December 2025 and 2024 related to the incremental costs incurred in obtaining the contracts, primarily sale commission and stamp duty paid/payable. Contract costs are recognized in profit or loss in the period in which revenue from the related property sales is recognized. The amount of capitalized contract costs recognized in profit or loss for the year ended 31 December 2025 was RMB79,336,000 (2024: RMB68,827,000). There was no impairment provision in relation to the capitalized contract costs as at 31 December 2025 (2024: nil).

22. TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables (note (a))	355,235	210,825
Less: Provision for impairment (note (c))	(1,367)	–
Trade receivables, net	353,868	210,825
Other receivables (note (b))	477,989	537,585
Less: Provision for impairment (note (c))	(6,250)	–
Other receivables, net	471,739	537,585
	825,607	748,410

Notes to the Consolidated Financial Statements

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

(a) Trade receivables

The credit terms in connection with sales of properties granted to the buyers are set out in the sale and purchase agreements and vary for different agreements. Rentals receivable from tenants and service income receivable from customers are generally due on presentation of invoices.

The ageing analysis of the Group's trade receivables based on invoice date or when appropriate, date of transfer of property, is as follows:

	2025 RMB'000	2024 RMB'000
30 days or below	225,952	90,632
31–60 days	639	594
61–90 days	1,379	1,469
91–180 days	55,296	365
181–360 days	26,437	10,383
Over 360 days	45,532	107,382
	355,235	210,825

(b) The balance of other receivables as at 31 December 2025 and 2024 mainly included deposits for the purchases of construction materials and engagement of construction services.

(c) The Group recognized provision for impairment amounting to RMB7,617,000 (2024: nil) in total for trade and other receivables based on the accounting policies stated in note 4.11(ii). Further details of the Group's credit policy and credit risk arising from trade and other receivables are set out in note 48.3.

23. PREPAYMENTS AND DEPOSITS

The balance of prepayments and deposits as at 31 December 2025 mainly comprise prepayments for VAT and other taxes amounting to RMB2,151,941,000 (2024: RMB2,290,802,000) and deposits and consideration amounting to RMB1,821,940,000 (2024: RMB389,390,000) in aggregate paid by the Group for the acquisition of lands in the Chinese Mainland.

24. AMOUNTS DUE FROM/TO ASSOCIATES

The amounts due from/to associates as at 31 December 2025 and 2024 are unsecured, interest-free and repayable on demand.

25. AMOUNTS DUE FROM/TO JOINT VENTURES

The amounts due from/to joint ventures as at 31 December 2025 and 2024 are unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements

26. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS

The amounts due from non-controlling shareholders as at 31 December 2025 and 2024 are unsecured, interest free and repayable on demand, which arose from the distributions of surplus funds (generally being surplus cash after reserving for operating costs, liabilities scheduled for repayments and funds required for property development) in advance to the non-controlling shareholders on a pro-rata basis based on their respective equity interests in certain non-wholly-owned subsidiaries in accordance with the respective cooperation agreements, before being offset by those entities' potential declaration of dividends and/or return of capitals in the future. The Group also received the pro-rata share of the fund concurrently, which the current accounts derived with those non-wholly-owned subsidiaries will be eliminated upon consolidation of financial statements.

The amounts due to non-controlling shareholders as at 31 December 2025 and 2024 are unsecured, repayable on demand and interest-free except for a sum amounting to RMB422,297,000 (2024: RMB120,400,000) which is interest bearing at 4.0% (2024: 2.8%) per annum.

As at 31 December 2025, balances of RMB523,000,000 (2024: RMB518,500,000) were due to related companies of the Group.

27. AMOUNTS DUE TO RELATED COMPANIES

The amounts due to related companies as at 31 December 2025 and 2024 are unsecured, interest-free and repayable on demand except for a sum amounting to RMB75,026,000 (2024: RMB75,026,000) which is interest-bearing at 4.75% (2024: 4.75%) per annum and repayable on 18 October 2026 (2024: 18 October 2026).

28. CASH AND BANK BALANCES

At 31 December 2025, cash and bank balances included cash and cash equivalents of RMB21,367,000,000 (2024: RMB21,735,740,000) and other bank balances of RMB5,497,619,000 (2024: RMB5,555,114,000), which mainly represented pre-sales proceeds from sales of properties in the Chinese Mainland and was subject to usage restrictions. In accordance with applicable prevailing government regulation, such bank balances can only be used for payments of construction cost of related property projects and will be released according to the completion stage of the related properties.

Cash balances denominated in RMB amounted to approximately RMB26,743,323,000 (2024: RMB27,189,156,000) as at 31 December 2025. The RMB is not freely convertible into other currencies.

Cash at banks earns interest at floating rates based on daily bank deposits rates. Short-term time deposits are made for periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates.

As at 31 December 2025, the Group had short-term time deposits amounting to RMB460,165,000 (2024: RMB519,697,000), which had original maturity of three months to nine months (2024: seven days to two months) and earned interest income at interest rates ranging from 1.02% to 3.18% (2024: 1.20% to 4.36%) per annum. The entire amount of short-term time deposits as of 31 December 2025 and 2024 were included in "Cash and cash equivalents".

Notes to the Consolidated Financial Statements

29. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables (note (a))	10,059,488	12,090,963
Other payables and accruals (note (b))	1,134,138	1,188,997
Deposits received	323,964	370,295
	11,517,590	13,650,255

Notes:

- (a) The ageing analysis of the Group's trade payables based on invoice date or contract terms, where appropriate, is as follows:

	2025 RMB'000	2024 RMB'000
30 days or below	3,475,274	4,368,642
31–60 days	514,057	601,722
61–90 days	309,465	284,335
91–180 days	1,342,609	1,054,726
181–360 days	1,697,513	2,272,931
Over 360 days	2,720,570	3,508,607
	10,059,488	12,090,963

- (b) The balance of other payables and accruals as at 31 December 2025 mainly included other taxes payable of RMB344,561,000 (2024: RMB362,316,000) and royalty fees payable of RMB179,759,000 (2024: RMB187,741,000) (note 45(a)).

30. PRE-SALES PROCEEDS

	2025 RMB'000	2024 RMB'000
Contract liabilities related to sales of properties	18,418,061	25,301,294
VAT related to sales of properties as included in pre-sales proceeds	1,657,626	2,502,326
Total pre-sales proceeds	20,075,687	27,803,620

The Group receives payments of the contract sum (VAT inclusive) from customers based on billing schedule as set out in the contracts for sales of properties. Payments are usually received in advance of the performance under the sales contracts. The decrease in contract liabilities during the year was in line with the decrease in the payments received from customers for the year.

An amount of revenue RMB20,457,729,000 was recognized for the year ended 31 December 2025 (2024: RMB29,941,107,000) out of the contract liabilities at the beginning of the year 2025 of RMB25,301,294,000 (2024: RMB37,154,552,000).

The amount of sales deposits and instalments received as at 31 December 2025 which is expected to be recognized as revenue after more than one year is RMB1,353,624,000 (2024: RMB1,874,688,000).

Notes to the Consolidated Financial Statements

31. BANK AND OTHER BORROWINGS

	2025 RMB'000	2024 RMB'000
Bank borrowings	33,907,240	30,119,589
Other borrowings (note (a))	–	800,000
	33,907,240	30,919,589

	2025 RMB'000	2024 RMB'000
Analysis into:		
Current liabilities	9,460,090	9,729,105
Non-current liabilities	24,447,150	21,190,484
	33,907,240	30,919,589

(a) Other borrowings

The Group entered into the following financing arrangements, the outstanding balances of which are included in "Other borrowings":

(i) China Overseas (Shenzhen) Real Estate Debt Investment Scheme

In July 2021, 中海宏洋(深圳)投資有限公司 China Overseas Grand Oceans (Shenzhen) Investment Company Limited* ("CGOSIL"), an indirect wholly-owned subsidiary of the Company, as borrower, established a real estate debt investment scheme (the "CGOSIL Real Estate Debt Investment Scheme").

The funds raised had a maturity of nine years on which date the amount drawdown plus interest accrued thereon would be repayable, subject to (i) recall at the option of the trustee; and (ii) early repayment at the option of CGOSIL, both of which rights could be exercised on the date of the third and the sixth anniversary of the drawdown date. CGOSIL's obligations to pay the principal and interest under CGOSIL Real Estate Debt Investment Scheme were guaranteed by the Company and 中海宏洋地產集團有限公司 China Overseas Grand Oceans Properties Group Company Limited* ("COGO Properties"), an indirect wholly-owned subsidiary of the Company.

As at 31 December 2024, the amortized cost of the outstanding debt under the CGOSIL Real Estate Debt Investment Scheme was RMB100,000,000 and bore interest at fixed coupon rate of 4.88% per annum.

During the year ended 31 December 2025, the outstanding debt under the CGOSIL Real Estate Debt Investment Scheme was fully settled.

Notes to the Consolidated Financial Statements

31. BANK AND OTHER BORROWINGS (CONTINUED)

(a) Other borrowings (Continued)

(ii) Hefei Hairui Real Estate Debt Investment Scheme

In April 2022, 合肥中海海瑞房地產開發有限公司 Hefei China Overseas Hairui Real Estate Development Co., Ltd.* ("Hefei Hairui"), an indirect wholly-owned subsidiary of the Company, as borrower, established a real estate debt investment scheme (the "Hefei Hairui Real Estate Debt Investment Scheme").

The funds raised had a maturity of nine years on which date the amount drawdown plus interest accrued thereon would be repayable, subject to (i) recall at option of the trustee; and (ii) early repayment at the option of Hefei Hairui, both of which rights could be exercised on the date of the second, third or the sixth anniversary of the drawdown date. Hefei Hairui's obligations to pay the principal and interest under the Hefei Hairui Real Estate Debt Investment Scheme were guaranteed by the Company and COGO Properties.

As at 31 December 2024, the amortized cost of the outstanding debt under the Hefei Hairui Real Estate Debt Investment Scheme was RMB200,000,000 and bore interest at fixed coupon rate of 4.35% per annum.

During the year ended 31 December 2025, the outstanding debt under the Hefei Hairui Real Estate Debt Investment Scheme was fully settled.

(iii) Bohai Trust Scheme

On 11 December 2024, COGO Properties established a trust scheme in which 渤海國際信託股份有限公司 Bohai International Trust Co., Ltd.* is the trustee (the "Bohai Trust Scheme").

According to the scheme, COGO Properties entered into the underlying assets transfer and repurchase agreement, pursuant to which COGO Properties agreed to dispose of the receivables owed to certain property project companies by property purchasers in the Chinese Mainland (the "Underlying Assets") to the Bohai Trust Scheme at a consideration of RMB500,000,000. On the 180th day after the transfer date, COGO Properties shall repurchase all the remaining Underlying Assets held under the Bohai Trust Scheme, plus a repurchase premium at an interest rate of 3.7% per annum.

As at 31 December 2024, the amortized cost of the outstanding debt under the Bohai Trust Scheme was RMB500,000,000.

During the year ended 31 December 2025, the outstanding debt under the Bohai Trust Scheme was fully settled.

* English translation is for identification only

Notes to the Consolidated Financial Statements

31. BANK AND OTHER BORROWINGS (CONTINUED)

(b) Bank and other borrowings were scheduled for repayment as follows:

	2025 RMB'000	2024 RMB'000
Bank borrowings		
On demand or within one year	9,460,090	8,929,105
More than one year, but not exceeding two years	8,795,146	9,490,157
More than two years, but not exceeding five years	13,094,736	9,667,259
Over five years	2,557,268	2,033,068
	33,907,240	30,119,589

	2025 RMB'000	2024 RMB'000
Other borrowings		
On demand or within one year	–	800,000
	–	800,000

(c) As at 31 December 2025, bank and other borrowings amounting to RMB5,606,560,000 (2024: RMB4,115,560,000) were secured by certain inventories of properties, investment properties, property, plant and equipment and the related right-of-use assets of the Group (note 42).

	2025 RMB'000	2024 RMB'000
Analysis into:		
Secured	5,606,560	4,115,560
Unsecured	28,300,680	26,804,029
	33,907,240	30,919,589

Notes to the Consolidated Financial Statements

31. BANK AND OTHER BORROWINGS (CONTINUED)

(d) The carrying amounts of bank and other borrowings are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
HK\$	1,490,203	3,773,585
RMB	32,417,037	27,146,004
	33,907,240	30,919,589

(e) As at 31 December 2025, the Group's bank and other borrowings have been arranged as follows:

- borrowings denominated in HK\$ amounting to RMB1,490,203,000 (2024: RMB3,773,585,000) are interest-bearing at floating rates ranging from 4.48% to 4.68% (2024: 6.12% to 6.27%) per annum; and
- borrowings denominated in RMB amounting to RMB17,355,241,000 (2024: RMB14,283,774,000) are interest-bearing at floating rates ranging from 2.35% to 3.85% (2024: 2.45% to 4.30%) per annum while the remaining balance of RMB15,061,796,000 (2024: RMB12,862,230,000) are interest-bearing at fixed rates ranging from 2.51% to 3.99% (2024: 2.77% to 4.88%) per annum.

In respect of those borrowings which have been arranged to finance property development projects, the Group is required to place the sales proceeds received from the buyers, and the rental income received and fund raised in relation to those projects into designated bank accounts. These bank accounts are subject to monitoring by the banks and the financial institutions which have priority to claim repayment for the borrowings from these designated accounts.

(f) Certain bank borrowings of RMB9,840,898,000 (2024: RMB10,686,606,000) which were classified as non-current liabilities as at the end of the reporting period are subject to covenants including leverage ratios, gearing ratios and minimum net assets requirements with respective applicable test dates on 31 December of each year until maturity. The Group considers there is no indication that it will have difficulties in complying with these covenants.

Notes to the Consolidated Financial Statements

32. GUARANTEED NOTES AND CORPORATE BONDS

	2025 RMB'000	2024 RMB'000
Guaranteed notes (note (a))	–	3,782,049
Corporate bonds (note (b))	5,000,000	5,000,000
	5,000,000	8,782,049

	2025 RMB'000	2024 RMB'000
Analysis into:		
Current liabilities	2,200,000	2,800,000
Non-current liabilities	2,800,000	5,982,049
	5,000,000	8,782,049

The guaranteed notes and corporate bonds were scheduled for repayment as follows:

	2025 RMB'000	2024 RMB'000
On demand or within one year	2,200,000	2,800,000
More than one year, but not exceeding two years	–	5,982,049
More than two years, but not exceeding five years	2,800,000	–
	5,000,000	8,782,049

(a) Guaranteed notes

On 9 February 2021, the Company and China Overseas Grand Oceans Finance IV (Cayman) Limited (“COGO Finance IV”), a wholly-owned subsidiary of the Company incorporated in the Cayman Islands, entered into a subscription agreement (the “2021 Notes Subscription Agreement”) regarding the issue of guaranteed notes by COGO Finance IV in aggregate principal amount of US\$512,000,000 (the “2021 Guaranteed Notes”). The completion of the 2021 Notes Subscription Agreement took place and the 2021 Guaranteed Notes were issued on 9 February 2021.

The 2021 Guaranteed Notes were issued at 99.916% of the principal amount and were listed on the Stock Exchange. The 2021 Guaranteed Notes are unsecured and unsubordinated obligations of COGO Finance IV, and are unconditional and irrevocably guaranteed by the Company.

Notes to the Consolidated Financial Statements

32. GUARANTEED NOTES AND CORPORATE BONDS (CONTINUED)

(a) Guaranteed notes (Continued)

Interest on the 2021 Guaranteed Notes is payable semi-annually in arrears on 9 February and 9 August in each year at the rate of 2.45% per annum, commencing on 9 August 2021.

COGO Finance IV may at any time upon giving not less than 30 or more than 60 days' notice to the noteholders, redeem the 2021 Guaranteed Notes, in whole but not in part, at the early redemption amount as defined in the 2021 Notes Subscription Agreement. The 2021 Guaranteed Notes are also subject to redemption at the option of the noteholders under certain conditions.

Unless previously redeemed, or purchased and cancelled, the 2021 Guaranteed Notes will mature on 9 February 2026 at their principal amount.

The net proceeds from the issue of the 2021 Guaranteed Notes at 99.916% of the principal amount after deducting the direct transaction costs of RMB10,966,000 were RMB3,310,714,000. The guaranteed notes are initially measured at fair value, net of directly attributable costs incurred and subsequently, measured at amortized cost using the effective interest rate of 2.5387% per annum. For the year ended 31 December 2025, imputed interest of RMB83,186,000 (2024: RMB92,686,000) was incurred.

During the year ended 31 December 2025, the Group early redeemed the 2021 Guaranteed Notes which fully settled the outstanding principal of US\$512,000,000 (equivalent to approximately RMB3,697,047,000) together with the interest accrued thereon amounting to US\$3,554,000 (equivalent to approximately RMB25,581,000), which amounted to approximately RMB3,722,628,000 in aggregate.

Further details regarding the early redemption of the 2021 Guaranteed Notes have been set out in the announcements of the Company dated 10 October 2025 and 24 November 2025.

The movements of the carrying amount of the guaranteed notes are set out as below:

	RMB'000
Carrying amount as at 1 January 2024	3,655,350
Imputed interest expense (note 10)	92,686
Finance costs paid	(89,592)
Translation adjustment	123,605
Carrying amount as at 31 December 2024 and 1 January 2025	3,782,049
Imputed interest expense (note 10)	83,186
Finance costs paid	(103,974)
Translation adjustment	(64,214)
Redemption of 2021 Guaranteed Notes	(3,697,047)
Carrying amount as at 31 December 2025	–

As at 31 December 2024, the fair value of the 2021 Guaranteed Notes was RMB3,581,468,000, which was determined with reference to quotation published by a leading financial market data provider.

Notes to the Consolidated Financial Statements

32. GUARANTEED NOTES AND CORPORATE BONDS (CONTINUED)

(b) Corporate bonds

At 31 December 2025 and 2024, the Group has the following corporate bonds issued with similar terms and conditions and different features:

Issue date	Principal amount RMB'000	Issue price	Fixed interest rate per annum	Maturity date	Fair value at 31 December 2025 ^(v) RMB'000	Carrying amount at 31 December 2025 RMB'000	2024 RMB'000
21 October 2022	1,000,000 ⁽ⁱ⁾	100%	3.40% ^(iv)	24 October 2025	–	–	1,000,000
24 February 2023	1,000,000 ⁽ⁱ⁾	100%	3.90% ^(iv)	27 February 2026	1,002,400	1,000,000	1,000,000
31 March 2023	1,200,000 ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	100%	3.80% ^(iv)	3 April 2028	1,204,920	1,200,000	1,200,000
6 June 2023	500,000 ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	100%	3.05% ^(iv)	7 June 2027	–	–	500,000
20 November 2023	1,300,000 ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾	100%	3.65% ^(iv)	21 November 2027	–	–	1,300,000
16 May 2025	400,000 ⁽ⁱ⁾	100%	2.40% ^(iv)	19 May 2028	399,960	400,000	–
16 May 2025	1,100,000 ⁽ⁱ⁾	100%	2.70% ^(iv)	19 May 2030	1,092,850	1,100,000	–
15 September 2025	1,300,000 ⁽ⁱ⁾	100%	2.40% ^(iv)	16 September 2028	1,295,190	1,300,000	–
Total					4,995,320	5,000,000	5,000,000

Notes:

- (i) The corporate bonds are unconditionally and irrevocably guaranteed by the Company and listed on the Shanghai Stock Exchange.
- (ii) The corporate bond is with terms for adjustment of the coupon rate, redemption option and recall option at the end of the third year of the issue of the bonds.
- (iii) The corporate bond is with terms for adjustment of the coupon rate, redemption option and recall option at the end of the second year of the issue of the bonds.
- (iv) Payable annually.
- (v) The fair values of the corporate bonds at 31 December 2025 with an aggregate amount of RMB4,995,320,000 (2024: RMB5,062,540,000) are determined with reference to quotation published by leading financial market data providers or quoted market prices available on the relevant stock exchanges, as appropriate. The fair value measurement of these financial instruments is within Level 1 of the fair value hierarchy.

During the year ended 31 December 2025, the Group issued corporate bonds in an aggregate amount of RMB2,800,000,000 and redeemed corporate bonds in an aggregate amount of RMB2,800,000,000. During the year ended 31 December 2024, there was no issuance or redemption of corporate bonds by the Group.

Notes to the Consolidated Financial Statements

33. DEFERRED TAX

Details of the deferred tax liabilities and assets recognized by the Group and movements during the current and prior years are as follows:

Deferred tax liabilities/(assets)

	Fair value adjustment on properties RMB'000	Properties accrual RMB'000	Revaluation of investment properties RMB'000	Provision for LAT RMB'000	Withholding tax RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2024	884,822	(834,865)	628,927	(688,281)	1,194,888	(405,903)	779,588
Charged/(Credited) to profit or loss	61,311	(15,372)	(5,530)	231,779	(21,340)	194,347	445,195
At 31 December 2024 and 1 January 2025	946,133	(850,237)	623,397	(456,502)	1,173,548	(211,556)	1,224,783
Charged/(Credited) to profit or loss	(25,010)	239,534	(4,762)	198,940	5,352	(27,847)	386,207
At 31 December 2025	921,123	(610,703)	618,635	(257,562)	1,178,900	(239,403)	1,610,990

Represented by:

	2025 RMB'000	2024 RMB'000
Deferred tax liabilities	2,718,658	2,743,078
Set-off	(123,266)	(141,451)
Deferred tax liabilities – after net off	2,595,392	2,601,627
Deferred tax assets	(1,107,668)	(1,518,295)
Set-off	123,266	141,451
Deferred tax assets – after net off	(984,402)	(1,376,844)
	1,610,990	1,224,783

The two-tiered profits tax rates regime have no material impact on the deferred tax balances of the Group as at 31 December 2025 and 2024 as the qualifying entity nominated by the Group did not have material temporary differences as at 31 December 2025 and 2024. Deferred tax assets and liabilities of other group entities that are subject to Hong Kong profits tax continue to be measured using a flat rate of 16.5%.

Notes to the Consolidated Financial Statements

33. DEFERRED TAX (CONTINUED)

As at 31 December 2025, the Group has unused tax losses of RMB3,580,000,000 (2024: RMB1,843,467,000) available for offset against future profits. Deferred tax assets of RMB239,403,000 (2024: RMB211,556,000) have been recognized in respect of tax losses of approximately RMB957,612,000 (2024: RMB846,224,000). No deferred tax assets have been recognized in respect of the remaining tax losses of RMB2,622,388,000 (2024: RMB997,243,000) due to unpredictability of future profit streams. The tax losses incurred by the relevant subsidiaries may be carried forward for five years from the financial year when the corresponding loss was incurred.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated by the subsidiaries from 1 January 2008 and the applicable tax rates are 5% or 10%.

As at 31 December 2025, deferred tax liabilities of approximately RMB1,178,900,000 (2024: RMB1,173,548,000) have been recognized in respect of the undistributed earnings of certain PRC subsidiaries amounting to approximately RMB23,577,999,000 (2024: RMB23,470,959,000). Deferred tax liabilities of approximately RMB495,554,000 as at 31 December 2025 (2024: RMB605,566,000) have not been established for the withholding and other taxation that would be payable on the unremitted earnings of other relevant PRC subsidiaries as at 31 December 2025, as in the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. Such unremitted earnings amounted to approximately RMB9,911,080,000 as at 31 December 2025 (2024: RMB12,111,328,000).

34. SHARE CAPITAL

	Number of ordinary shares	Carrying amount RMB'000
Issued and fully paid – ordinary shares with no par:		
At 1 January 2024, 31 December 2024,		
1 January 2025 and 31 December 2025	3,559,374,732	6,047,372

Notes to the Consolidated Financial Statements

35. RESERVES

THE GROUP

Details of the movements in the Group's reserves are set out in the consolidated statement of changes in equity. The nature and purpose of the reserves are as follows:

Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities into the presentation currency in accordance with the accounting policy set out in note 4.5.

As at 31 December 2025, the Group designated certain RMB denominated borrowings with an aggregate carrying amount of RMB15,444,866,000 (2024: nil) to hedge the exposure arising from the net investments in certain subsidiaries of the Group with operations in the Chinese Mainland. For the year ended 31 December 2025, losses arising from the aforesaid hedging instruments of RMB590,724,000 (2024: nil) have been recognized in other comprehensive income as an effective hedge.

Asset revaluation reserve

Asset revaluation reserve arises from revaluation of assets such as properties (excluding investment properties).

Statutory reserves

In accordance with the relevant PRC rules and regulations, certain subsidiaries of the Company are required to appropriate certain percentage of their profits after tax to the respective statutory reserves. Subject to certain restrictions as set out in the relevant PRC regulations, these statutory reserves may be used to make good previous years' losses, if any, or to increase the paid-up capital of the respective subsidiaries, and may be used for capital expenditure on staff welfare facilities, as appropriate.

Retained profits

Retained profits of the Group comprise:

	2025 RMB'000	2024 RMB'000
Proposed final dividend for the year (note 12(a))	79,979	233,884
Retained profits after proposed dividend	23,657,525	23,560,555
Total retained profits as at 31 December	23,737,504	23,794,439

Notes to the Consolidated Financial Statements

35. RESERVES (CONTINUED)

THE COMPANY

Details of the movements on the Company's reserves are as follows:

	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2024	703,135	1,541,591	2,244,726
Profit for the year	–	532,775	532,775
Other comprehensive income for the year			
Exchange differences arising from translation into presentation currency	284,242	–	284,242
2024 interim dividend paid (note 12(a))	–	(97,730)	(97,730)
2023 final dividend paid (note 12(b))	–	(360,660)	(360,660)
At 31 December 2024 and 1 January 2025	987,377	1,615,976	2,603,353
Profit for the year	–	320,862	320,862
Other comprehensive income for the year			
Exchange differences arising from translation into presentation currency	(371,762)	–	(371,762)
2025 interim dividend paid (note 12(a))	–	(32,670)	(32,670)
2024 final dividend paid (note 12(b))	–	(227,602)	(227,602)
At 31 December 2025	615,615	1,676,566	2,292,181

Retained profits of the Company comprise:

	2025 RMB'000	2024 RMB'000
Final dividend proposed for the year (note 12(a))	79,979	233,884
Retained profits after proposed dividend	1,596,587	1,382,092
Total retained profits as at 31 December	1,676,566	1,615,976

Notes to the Consolidated Financial Statements

36. NON-CONTROLLING INTERESTS

The total non-controlling interests as at 31 December 2025 were RMB6,425,393,000 (2024: RMB6,155,196,000), which are attributed to those non-wholly-owned subsidiaries of the Company.

The following table lists out the information relating to a non-wholly-owned subsidiary, namely 合肥啟盛房地產開發有限公司 Hefei Qisheng Properties Development Co., Ltd.* (“Hefei Qisheng”), which is considered to have material non-controlling interests as at 31 December 2025. Hefei Qisheng is principally engaged in property development in the Chinese Mainland. The non-controlling interests of other non-wholly owned subsidiaries are considered not material to the Group.

	2025 RMB'000	2024 RMB'000
Percentage held by non-controlling shareholders		
– Equity interests	66%	66%
– Voting right	49%	49%
Profit for the year attributable to non-controlling interests	353,943	334,516
Dividend attributable to non-controlling interests	–	–
Dividend paid to non-controlling shareholders	132,000	–
Carrying amount of non-controlling interests at the end of the reporting period	1,813,424	1,591,481
Summarized financial information of Hefei Qisheng		
As at 31 December		
Current assets	3,492,176	6,273,581
Non-current assets	19,346	116,088
Current liabilities	761,583	3,966,621
Non-current liabilities	2,284	11,670
For the year ended 31 December		
Revenue	3,014,972	3,298,797
Profit for the year	536,277	506,843
Total comprehensive income for the year	536,277	506,843
Cash flows used in operating activities	(155,794)	(128,071)
Cash flows from investing activities	–	–
Cash flows used in financing activities	(200,000)	(1,405,443)

* English translation is for identification only

Notes to the Consolidated Financial Statements

37. LEASES

(a) The Group as lessee

Nature of leasing activities

The Group has interests in leasehold land and buildings where the Group is the registered owner of those property interests. In addition, the Group leases various properties including office premises, quarters and shopping mall. For certain leases, the periodic rent is fixed over the lease term whereas for other leases, rental is adjusted periodically at pre-determined rate. Leases of these properties are negotiated for periods ranging from one year to five years (2024: eleven months to five years)

Right-of-use assets

The carrying amounts of right-of-use assets recognized and the movements during the current and prior years are as follows:

	Land use rights of properties with ownership interests held for own use RMB'000	Other properties leased for own use RMB'000	Total RMB'000
At 1 January 2024	318,366	35,320	353,686
Translation adjustment	–	320	320
Additions	–	5,473	5,473
Disposal	(5,129)	–	(5,129)
Depreciation provided	(10,376)	(16,669)	(27,045)
At 31 December 2024 and 1 January 2025	302,861	24,444	327,305
Translation adjustment	–	(280)	(280)
Additions	–	17,361	17,361
Transferred from inventories of properties	82,369	–	82,369
Depreciation provided	(10,846)	(18,870)	(29,716)
At 31 December 2025	374,384	22,655	397,039

As at 31 December 2025, certain right-of-use assets with aggregate carrying value of RMB21,504,000 (2024: nil) were pledged as securities for the borrowings and banking facilities of the Group, which will be released upon the Group's settlement of the borrowings and banking facilities (note 42).

Notes to the Consolidated Financial Statements

37. LEASES (CONTINUED)

(a) The Group as lessee (Continued)

Lease liabilities

The movements of lease liabilities during the current and prior years are as follows:

	Other properties leased for own use RMB'000
At 31 December 2024	36,151
Additions	5,473
Translation adjustment	335
Interest expense (note 10)	870
Lease payments	(18,038)
At 31 December 2024 and 1 January 2025	24,791
Additions	17,361
Translation adjustment	(296)
Interest expense (note 10)	688
Lease payments	(20,025)
At 31 December 2025	22,519

Future lease payments are due as follows:

	Minimum lease payments RMB'000	Interest RMB'000	Present value RMB'000
As at 31 December 2025			
Not later than one year	11,505	(424)	11,081
Later one year and not later than two years	5,365	(218)	5,147
Later than two years and not later than five years	6,449	(158)	6,291
	23,319	(800)	22,519
As at 31 December 2024			
Not later than one year	9,680	(547)	9,133
Later one year and not later than two years	8,349	(336)	8,013
Later than two years and not later than five years	7,908	(263)	7,645
	25,937	(1,146)	24,791

Notes to the Consolidated Financial Statements

37. LEASES (CONTINUED)

(a) The Group as lessee (Continued)

Lease liabilities (Continued)

The present value of future lease payments are analysed as follows:

	2025 RMB'000	2024 RMB'000
Current liabilities	11,081	9,133
Non-current liabilities	11,438	15,658
	22,519	24,791

The total cash outflows included in the consolidated statement of cash flows within operating activities and financing activities for leases are RMB22,473,000 (2024: RMB22,191,000) and RMB20,025,000 (2024: RMB18,038,000), respectively.

(b) The Group as lessor

The Group leases out its investment properties (note 15), the shopping mall and certain units of inventories of properties under operating lease arrangements with leases negotiated for period ranging from four months to twenty years (2024: three months to twenty years). For certain leases, the periodic rent is fixed over the lease term whereas for other leases, rental is adjusted periodically at predetermined rate. Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2025 and 2024 are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	270,194	286,384
After one year but within two years	204,870	226,017
After two years but within three years	116,301	160,604
After three years but within four years	82,557	79,280
After four years but within five years	45,411	53,816
Over five years	97,610	99,717
	816,943	905,818

Notes to the Consolidated Financial Statements

38. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	2025 RMB'000	2024 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		4	34
Right-of-use assets		4,831	8,829
Interests in subsidiaries	49	1,747,328	1,824,911
		1,752,163	1,833,774
Current assets			
Other receivables, prepayments and deposits		3,107	1,792
Amounts due from subsidiaries		22,202,403	23,880,127
Cash and bank balances		1,010,022	804,362
		23,215,532	24,686,281
Current liabilities			
Other payables and accruals		52,854	65,811
Amounts due to subsidiaries		297,074	3,718,077
Lease liabilities – due within one year		3,846	3,933
Bank borrowings – due within one year		6,614,170	4,051,529
		6,967,944	7,839,350
Net current assets		16,247,588	16,846,931
Non-current liabilities			
Bank borrowings – due after one year		9,658,898	10,024,606
Lease liabilities – due after one year		1,300	5,374
		9,660,198	10,029,980
Net assets		8,339,553	8,650,725
CAPITAL AND RESERVES			
Share capital	34	6,047,372	6,047,372
Reserves	35	2,292,181	2,603,353
Total equity		8,339,553	8,650,725

On behalf of the directors

Zhuang Yong
Director

Zhou Hancheng
Director

Notes to the Consolidated Financial Statements

39. ACQUISITION OF ADDITIONAL EQUITY INTERESTS IN SUBSIDIARIES WHILE RETAINING CONTROL

The Group entered into sale and purchase agreements in relation to the acquisitions of additional equity interests in the subsidiaries as follows:

For the year ended 31 December 2024

(i) *Changzhou Haicheng Acquisition*

南寧中海宏洋房地產有限公司 Nanning China Overseas Grand Oceans Real Estate Co., Ltd.* (“COGO Nanning”) (an indirect wholly-owned subsidiary of the Company), Citirich International Limited (“Citirich”) (an indirect wholly-owned subsidiary of the Company), COGO Properties, 桐鄉市安豪投資管理有限公司 Tongxiang Anhao Investment Management Co., Ltd.* (“Anhao Investment”) and 常州市中海海澄房地產開發有限公司 Changzhou China Overseas Haicheng Real Estate Co., Ltd.* (“Changzhou Haicheng”) entered into an acquisition agreement, pursuant to which, among other things, COGO Nanning agreed to acquire, and Anhao Investment agreed to sell 49% of the equity interest in Changzhou Haicheng at a total consideration of approximately RMB258,980,000 (the “Changzhou Haicheng Acquisition”).

Changzhou Haicheng is a company established in the PRC with limited liability and is principally engaged in property development in Changzhou. Prior to the Changzhou Haicheng Acquisition, Changzhou Haicheng was owned as to 51% by the Group, and 49% by Anhao Investment, and was an indirect non-wholly-owned subsidiary of the Company. Upon the completion of the Changzhou Haicheng Acquisition, the Group’s equity interest in Changzhou Haicheng increased from 51% to 100% and Changzhou Haicheng became an indirect wholly-owned subsidiary of the Company.

The Changzhou Haicheng Acquisition was completed in June 2024.

(ii) *Changzhou Haihong Acquisition*

中海宏洋地產汕頭投資有限公司 China Overseas Grand Oceans Properties (Shantou) Investment Co., Ltd.* (“COGO Shantou”) (an indirect wholly-owned subsidiary of the Company), COGO Properties, Anhao Investment and 常州市中海海泓房地產有限公司 Changzhou China Overseas Haihong Real Estate Co., Ltd.* (“Changzhou Haihong”) entered into an acquisition agreement, pursuant to which, among other things, COGO Shantou agreed to acquire, and Anhao Investment agreed to sell 49% of the equity interest in Changzhou Haihong and shareholders loans at a total consideration of approximately RMB242,482,000 (the “Changzhou Haihong Acquisition”).

Changzhou Haihong is a company established in the PRC with limited liability and is principally engaged in property development in Changzhou. Prior to the Changzhou Haihong Acquisition, Changzhou Haihong was owned as to 51% by the Group and 49% by Anhao Investment, and was an indirect non-wholly-owned subsidiary of the Company. Upon the completion of the Changzhou Haihong Acquisition, the Group’s equity interest in Changzhou Haihong increased from 51% to 100% and Changzhou Haihong became an indirect wholly-owned subsidiary of the Company.

The Changzhou Haihong Acquisition was completed in June 2024.

Notes to the Consolidated Financial Statements

39. ACQUISITION OF ADDITIONAL EQUITY INTERESTS IN SUBSIDIARIES WHILE RETAINING CONTROL (CONTINUED)

For the year ended 31 December 2024 (Continued)

(iii) Jinhua Haisheng Acquisitions

COGO Properties entered into separate equity transfer agreements with 金華市合濟企業管理諮詢有限公司 Jinhua Heji Business Management Consulting Co., Ltd.* (“Jinhua Heji”) and 杭州金地自在城房地產發展有限公司 Hangzhou Jindi Zizaicheng Real Estate Development Co., Ltd.* (“Hangzhou Jindi”) respectively, pursuant to which, among other things, COGO Properties agreed to acquire, Jinhua Heji agreed to sell 10% of the equity interest in 金華海盛置業有限公司 Jinhua Haisheng Real Estate Co., Ltd.* (“Jinhua Haisheng”) at a consideration of approximately RMB18,565,400 and Hangzhou Jindi agreed to sell 40% of the equity interest in Jinhua Haisheng at a consideration of approximately RMB74,261,600, respectively (the “Jinhua Haisheng Acquisitions”).

Jinhua Haisheng is a company established in the PRC with limited liability and is principally engaged in property development in Jinhua. Prior to the Jinhua Haisheng Acquisitions, Jinhua Haisheng was owned as to 50% by the Group, 10% by Jinhua Heji and 40% by Hangzhou Jindi, and was an indirect non-wholly-owned subsidiary of the Company. Upon the completion of the Jinhua Haisheng Acquisitions, the Group’s equity interest in Jinhua Haisheng increased from 50% to 100% and Jinhua Haisheng became an indirect wholly-owned subsidiary of the Company.

The Jinhua Haisheng Acquisitions were completed in September 2024.

平安不動產有限公司 Ping An Real Estate Co., Ltd.* (“Ping An Real Estate”) is the controlling shareholder of Anhao Investment and an indirect substantial shareholder of other subsidiaries of the Company. Therefore, each of Ping An Real Estate and Anhao Investment, a non-wholly-owned subsidiary and an associate of Ping An Real Estate under Rule 14A.13 of the Listing Rules, is a connected person of the Company at the subsidiary level. Accordingly, each of the Changzhou Haicheng Acquisition and the Changzhou Hairong Acquisition as aforesaid constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Further details regarding the Changzhou Haicheng Acquisition and the Changzhou Haihong Acquisition have been set out in the announcement of the Company dated 28 May 2024.

* English translation is for identification only

Notes to the Consolidated Financial Statements

39. ACQUISITION OF ADDITIONAL EQUITY INTERESTS IN SUBSIDIARIES WHILE RETAINING CONTROL (CONTINUED)

For the year ended 31 December 2024 (Continued)

Changzhou Haicheng, Changzhou Hairong and Jinhua Haisheng remained as subsidiaries of the Company after the aforesaid acquisitions. The acquisitions of the additional equity interests in Changzhou Haicheng, Changzhou Haihong and Jinhua Haisheng were accounted for as equity transactions as follows:

	2024 RMB'000
Changzhou Haicheng Acquisition	
Consideration pursuant to sales and purchase agreement	(258,980)
Settlement of amount due to Anhao Investment	(42,327)
Net assets attributable to the additional 49% equity interest of Changzhou Haicheng	355,062
Increase in equity attributable to owners of the Company	53,755
Changzhou Haihong Acquisition	
Consideration pursuant to sales and purchase agreement	(242,482)
Settlement of amount due from Anhao Investment	118,507
Net assets attributable to the additional 49% equity interest of Changzhou Haihong	200,529
Increase in equity attributable to owners of the Company	76,554
Jinhua Haisheng Acquisitions	
Consideration pursuant to equity transfer agreements	(92,827)
Net assets attributable to the additional 50% equity interest of Jinhua Haisheng	174,968
Increase in equity attributable to owners of the Company	82,141
Aggregate increase in equity attributable to owners of the Company – included in retained profits	212,450

An analysis of the cash flows in respect of above acquisitions:

	2024 RMB'000
Changzhou Haicheng Acquisition	
Consideration pursuant to sales and purchase agreement	(258,980)
Less: Settlement of amount due to Anhao Investment	(42,327)
Net cash outflow	(301,307)
Changzhou Haihong Acquisition	
Consideration pursuant to sales and purchase agreement	(242,482)
Less: Settlement of amount due from Anhao Investment	118,507
Net cash outflow	(123,975)
Jinhua Haisheng Acquisitions	
Consideration pursuant to sales and purchase agreement	(92,827)
Less: Settlement of amounts due from Jinhua Heji and Hangzhou Jindi	92,827
Net cash outflow	–
Total net cash outflows included in cash flows from financing activities	(425,282)

Notes to the Consolidated Financial Statements

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities:

	Bank and other borrowings RMB'000 (note 31)	Guaranteed notes and corporate bonds RMB'000 (note 32)	Lease liabilities RMB'000 (note 37(a))	Amounts due to associates RMB'000	Amounts due to joint ventures RMB'000	Amounts due to non- controlling shareholders RMB'000	Amounts due to related companies RMB'000
As at 1 January 2025	30,919,589	8,782,049	24,791	155,166	255,857	5,129,250	261,145
<i>Changes from cash flows:</i>							
Proceeds from new borrowings	17,106,355	-	-	-	-	-	-
Repayment of borrowings	(14,030,252)	-	-	-	-	-	-
Proceeds from issue of corporate bonds	-	2,800,000	-	-	-	-	-
Redemption of corporate bonds	-	(2,800,000)	-	-	-	-	-
Redemption of guaranteed notes	-	(3,697,047)	-	-	-	-	-
Receipt of advances	-	-	-	28,000	125,297	916,273	-
Repayment of advances	-	-	-	-	(1,356)	(785,919)	-
Capital element of lease payments	-	-	(19,337)	-	-	-	-
Interest element of lease payments	-	-	(688)	-	-	-	-
Other interest paid	(1,133,661)	(285,271)	-	-	-	-	(3,564)
	1,942,442	(3,982,318)	(20,025)	28,000	123,941	130,354	(3,564)
<i>Exchange adjustment</i>	(88,452)	(64,214)	(296)	-	-	-	-
<i>Other changes:</i>							
Interest expenses	1,115,243	277,288	688	-	-	24,622	3,564
Interest accruals	18,418	(12,805)	-	-	-	-	-
Increase in lease liabilities from entering into new leases	-	-	17,361	-	-	-	-
Other non-cash movements	-	-	-	-	546	17,902	-
	1,133,661	264,483	18,049	-	546	42,524	3,564
As at 31 December 2025	33,907,240	5,000,000	22,519	183,166	380,344	5,302,128	261,145

Notes to the Consolidated Financial Statements

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(a) Reconciliation of liabilities arising from financing activities: (Continued)

	Bank and other borrowings RMB'000 (note 31)	Guaranteed notes and corporate bonds RMB'000 (note 32)	Lease liabilities RMB'000 (note 37(a))	Amounts due to associates RMB'000	Amounts due to joint ventures RMB'000	Amounts due to non- controlling shareholders RMB'000	Amounts due to related companies RMB'000
As at 1 January 2024	34,908,813	8,655,350	36,151	43,411	269,054	5,673,611	261,145
<i>Changes from cash flows:</i>							
Proceeds from new borrowings	15,079,235	-	-	-	-	-	-
Repayment of borrowings	(19,314,402)	-	-	-	-	-	-
Receipt of advances	-	-	-	92,508	3,837	757,251	-
Repayment of advances	-	-	-	(4,681)	(2,045)	(1,274,573)	-
Capital element of lease payments	-	-	(17,168)	-	-	-	-
Interest element of lease payments	-	-	(870)	-	-	-	-
Other interest paid	(1,355,543)	(270,892)	-	-	-	-	(3,564)
	(5,590,710)	(270,892)	(18,038)	87,827	1,792	(517,322)	(3,564)
<i>Exchange adjustment</i>	245,943	123,605	335	-	-	-	-
<i>Other changes:</i>							
Interest expenses	1,406,826	273,986	870	-	-	7,193	3,564
Interest accruals	(50,609)	-	-	-	-	-	-
Increase in lease liabilities from entering into new leases	-	-	5,473	-	-	-	-
Dividend distributed by an associate (note (c))	-	-	-	(42,000)	-	-	-
Other non-cash movements	-	-	-	65,928	(14,989)	(34,232)	-
	1,356,217	273,986	6,343	23,928	(14,989)	(27,039)	3,564
As at 31 December 2024	30,919,589	8,782,049	24,791	155,166	255,857	5,129,250	261,145

Notes to the Consolidated Financial Statements

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

- (b) During the year ended 31 December 2025, dividends attributable to non-controlling shareholders amounting RMB23,454,000 (2024: RMB99,257,000) were settled through the current accounts with the non-controlling shareholders and the respective amounts were included in "Amounts due from non-controlling shareholders".

During the year ended 31 December 2024, return of capital amounting to RMB248,000,000 were settled through the current accounts with the non-controlling shareholders and the respective amounts were included in "Amounts due from non-controlling shareholders".

- (c) During the year ended 31 December 2024, dividend distributed by an associate to the Company amounting to RMB42,000,000 were settled through the current account with the associate and the respective amount were included in "Amounts due to associates".

41. RETIREMENT BENEFITS SCHEMES

The Group operates the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. The MPF Scheme is a defined contribution retirement benefits scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. With effect from 1 January 2018, employer voluntary contributions are made, under specific criteria set out in the Company's policy, as a part of the employee benefits program. The Group has no further payment obligations once the contributions have been paid. Contributions to the MPF Scheme are recognized as an expense in profit or loss when the services are rendered by the employees.

The employees of the subsidiaries of the Company which operate in the Chinese Mainland are required to participate in a central pension scheme operated by the local municipal governments. These Chinese Mainland subsidiaries are required to contribute a specified percentage of their payroll costs to the central pension scheme to fund the benefits. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's obligations under these plans are limited to the fixed percentage contribution payable.

The total expenses recognized in profit or loss of RMB76,960,000 (2024: RMB83,984,000) represent contributions paid/payable to these schemes by the Group in the year.

Under the MPF Scheme, the Group's existing level of contributions can be reduced by contributions forfeited by the Group on behalf of those employees who leave the scheme prior to vesting fully in such contributions. During the year ended 31 December 2025, no forfeited contributions were utilized by the Group to reduce the contribution paid/payable to the MPF scheme (2024: nil).

As at 31 December 2025, no forfeited contribution under these schemes is available to reduce the contribution payable in future (2024: nil).

Notes to the Consolidated Financial Statements

42. PLEDGE OF ASSETS

As at 31 December 2025, the carrying amount of the assets pledged by the Group to secure for borrowings and banking facilities granted to the Group are analysed as follows:

	2025 RMB'000	2024 RMB'000
Pledge for borrowings and banking facilities of the Group		
– Inventories of properties (note 19)	4,817,837	7,196,481
– Investment properties (note 15)	4,156,854	3,809,482
– Property, plant and equipment (note 16)	95,291	–
– Right-of-use assets (note 37(a))	21,504	–
	9,091,486	11,005,963

43. OTHER COMMITMENTS

As at 31 December 2025, the Group had other significant commitments as follows:

	2025 RMB'000	2024 RMB'000
Contracted for but not provided for in the consolidated financial statements:		
– Acquisition of land	994,991	1,085,156
– Property development	8,655,834	11,067,196
	9,650,825	12,152,352

Notes to the Consolidated Financial Statements

44. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEE CONTRACTS

(a) Guarantees

As at 31 December 2025, the Group provided guarantees to banks and government agencies for mortgage loans granted to certain purchasers of the Group's properties and for the banking facilities granted to a joint venture and an associate. The amount of the guarantees provided by the Group as at 31 December 2025 and 2024 are as follows:

	2025 RMB'000	2024 RMB'000
Mortgage loans granted by banks to certain purchasers of the Group's properties	8,919,200	15,861,129
Bank loan granted by a bank to a joint venture	88,606	218,419
Bank loan granted by a bank to an associate	–	72,030
	9,007,806	16,151,578

In the opinion of the directors, if the purchasers default payment of the mortgage loans during the period of guarantee, the Group is entitled to take over the legal title and possession of the related properties and the value of the related properties can cover the repayment of the outstanding loans together with the accrued interest thereon. In addition, as assessed by the directors, the risk of default of payment of the outstanding bank loans together with the accrued interest thereon by the joint ventures and the associate is low. Accordingly, the directors considered that the fair values of these guarantee contracts at initial recognition and the ECLs arising from these guarantee contracts at the end of the reporting period were insignificant.

(b) Other contingent liabilities

The Group, being a property developer in the Chinese Mainland, is subject to extensive government requirements in many aspects of its property development operations, including but not limited to land acquisition and transfer, planning and construction works, etc. In the ordinary course of business, several development projects of the Group are behind the development timeline as stipulated in the land transfer agreements or approved by the local authorities. According to the regulation "Measures for Disposal of Unused Land" and other relevant regulations, the government is empowered to levy idle land penalty and, in extreme cases, confiscate the undeveloped land depending on circumstances. In addition, the delay in development may constitute default in contract terms of the underlying land transfer agreements, of which the transferor can claim for liquidated damages.

Having regard to their past experiences in handling similar matters, the latest local development and the latest project status, and the recent communications with relevant local government authorities on the matters, the directors are of the opinion that no non-conformity instance would have a material impact on the result and financial position of the Group.

Notes to the Consolidated Financial Statements

45. RELATED PARTY TRANSACTIONS

- (a) The table set forth below summarizes the name of the major related parties which are entities as defined in HKAS 24 (Revised) *Related Party Disclosures* and the nature of their relationship with the Group as at 31 December 2025:

Related Parties	Relationship with the Group/COLI
COLI	The Company is an associate of COLI
China State Construction Engineering Corporation Limited ("CSCECL")	Intermediate holding company of COLI
China Overseas Holdings Limited ("COHL")	Immediate holding company of COLI
China Overseas Property Holdings Limited ("COPH")	Fellow subsidiary of COLI
China State Construction International Holdings Limited ("CSC")	Fellow subsidiary of COLI
China State Construction Development Holdings Limited ("CSCD")	Fellow subsidiary of COLI

In addition to those balances and transactions disclosed elsewhere in the consolidated financial statements, the following material related party transactions have been entered into by the Group during the year:

	Notes	2025 RMB'000	2024 RMB'000
Nature of transactions			
COLI and its subsidiaries			
Royalty expenses [#]	(i)	184,553	183,133
Rental income [#]	(ii)	15,961	17,971
Rental payments [#]	(ii)	8,768	7,417
Design service expenses [#]	(iii)	7,226	2,816
Information technology service expenses [#]	(iii)	6,800	7,600
Purchase of materials [#]	(iv)	966,596	681,858
CSCECL and its subsidiaries (exclusive of COHL and its subsidiaries)			
Property construction costs [#]	(iv)	206,172	563,589
COHL			
License fee payments [#]	(ii)	4,022	3,991
Air-conditioning and management charge payments [#]	(ii)	608	585
COPH and its subsidiaries			
Property management expenses [#]	(iii)	263,179	322,283
Interest expenses (note 10)	(v)	3,564	3,564
CSC and its subsidiaries (exclusive of CSCD and its subsidiaries)			
Property construction costs [#]	(iv)	233,633	226,168
CSCD and its subsidiaries			
Construction supervision expenses [#]	(iii)	7,917	11,978
Non-controlling shareholders			
Interest expenses (note 10)	(vi)	24,622	7,193

[#] These related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Notes to the Consolidated Financial Statements

45. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) (Continued)

Notes:

- (i) Royalty fee is charged at annual fee as specified in the contracts.
- (ii) Rental and utility income and rental payments are charged in accordance with respective tenancy agreements.
- (iii) Design service fee, information technology service fee, property management fee and construction supervision fee are charged in accordance with respective contracts.
- (iv) Purchase of materials and property construction fee are charged in accordance with respective contracts. The amounts represent aggregated transaction amounts recognized during the period in relation to contracts signed in the current and prior years.
- (v) Interest expenses are charged at interest rates on the outstanding amounts as specified in note 27.
- (vi) Interest expenses are charged at interest rates on the outstanding amounts as specified in note 26.

(b) Key management personnel remunerations include the following expenses:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	9,011	9,185
Post-employment benefits	355	307
	9,366	9,492

(c) In addition to the above transactions and balances, details of the Group's other material balances with related parties are disclosed in consolidated statement of financial position and notes 24, 25, 26 and 27.

Notes to the Consolidated Financial Statements

45. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Transactions with other state-controlled entities in the PRC

The Group is not controlled by the PRC government. However, the Group is an associated company of COLI while the ultimate holding company of COLI is CSCECL, a company controlled by the PRC government, as such, the PRC government is regarded as a related party of the Group. Apart from the transactions already disclosed above, the Group also conducts business with other state-controlled entities. The directors consider the transactions with those state-controlled entities are conducted on an arms' length basis.

In connection with its property development activities, other than those disclosed in the notes above, the Group awards construction and other works contracts to PRC entities, some of which, to the best knowledge of management, are state-controlled entities. The Group has also entered into various transactions with the PRC government departments or agencies, mainly regarding acquisition of land through tendering to those government departments or agencies. During the year ended 31 December 2025, the Group acquired certain parcels of land from the PRC government departments through public tender at an aggregate consideration of approximately RMB11,708,420,000 (2024: RMB5,229,180,000).

In addition, in the normal course of business, the Group entered into various deposits and lending transactions with banks and financial institutions which are state-controlled entities.

The Group is active in property sale and property leasing in various provinces in the Chinese Mainland. The directors are of the opinion that it is impracticable to ascertain the identity of all the counterparties and accordingly whether the transactions are with state-controlled entities. However, the directors are of the opinion that the transactions with state-controlled entities are entered into in the normal course of business of the Group.

Notes to the Consolidated Financial Statements

46. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and to support the Group's financial stability and growth.

The Group monitors its capital structure on the basis of net gearing ratio (i.e. net debt to equity). Net debt includes bank and other borrowings and guaranteed notes and corporate bonds less cash and bank balances. Equity represents total equity. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

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

	2025 RMB'000	2024 RMB'000
Bank and other borrowings	33,907,240	30,919,589
Guaranteed notes and corporate bonds	5,000,000	8,782,049
Less: cash and bank balances	(26,864,619)	(27,290,854)
Net debt	12,042,621	12,410,784
Capital represented by total equity	38,046,740	37,551,063
Net gearing ratio	31.7%	33.1%

The Group targets to maintain a net gearing ratio to be in line with the expected changes in economic and financial conditions. The Group's overall strategy on capital management remains unchanged throughout the year.

Notes to the Consolidated Financial Statements

47. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

47.1 Categories of financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets		
Financial assets at amortized cost [#]	32,277,533	32,105,085
Financial liabilities		
Financial liabilities at amortized cost [^]	55,808,907	58,346,520
Other financial liabilities [*]	22,519	24,791

[#] including trade and other receivables, amounts due from associates, joint ventures and non-controlling shareholders and cash and bank balances.

[^] including trade payables, other payables and accruals, amounts due to associates, joint ventures, non-controlling shareholders and other related companies, bank and other borrowings and guaranteed notes and corporate bonds.

^{*} representing lease liabilities.

47.2 Financial results by financial instruments

	2025 RMB'000	2024 RMB'000
Interest income or (expenses) on:		
Financial assets at amortized cost	212,696	222,817
Financial liabilities at amortized cost	(1,420,717)	(1,691,569)
Other financial liabilities	(688)	(870)

Notes to the Consolidated Financial Statements

47. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

47.3 Fair value measurement

(a) *Financial instruments not measured at fair value*

Financial instruments not measured at fair value include trade and other receivables, amounts due from/to associates, joint ventures, non-controlling shareholders and other related companies, cash and bank balances, trade payables, other payables and accruals, bank and other borrowings and guaranteed notes and corporate bonds.

Due to their short-term nature, the carrying values of trade and other receivables, amounts due from/to associates, joint ventures and non-controlling shareholders (the portion which are due for repayment within one year), cash and bank balances, trade payables, other payables and accruals approximate their fair values.

For disclosure purpose, the fair values of bank and other borrowings and an amount due to a related company which was due for repayment after one year are not materially different from their carrying values. Those fair values have been determined by using discounted cash flow model and are classified as Level 3 in the fair value hierarchy. Significant inputs include the discount rates used to reflect the credit risks of the Group.

The fair values of guaranteed notes and corporate bonds are determined with reference to quotation published by leading financial market data providers or quoted market prices available on the relevant stock exchanges, as appropriate. The fair value measurement of these financial instruments is within Level 1 of the fair value hierarchy and are disclosed in note 32.

48. FINANCIAL RISK MANAGEMENT

48.1 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks which comprise market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by key management under the policies approved by the board of directors. The Group does not have written risk management policies. However, the directors and senior management of the Group meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks.

Notes to the Consolidated Financial Statements

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.2 Market risk

(a) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong and the Chinese Mainland, the functional currency of the Company and its subsidiaries are HK\$ and RMB. The Group is exposed to currency risk arising from fluctuations on foreign currencies against the functional currencies of the group entities.

The Group continues to conduct its sales mainly in RMB and make payments in RMB. The Group's borrowings were mainly denominated in HK\$, US\$ and RMB. The directors consider that a natural hedge mechanism existed to certain extent and the Group's exposure on foreign currency risk is not significant. The Group would, however, closely monitor the volatility of the RMB exchange rate.

The overall exposure in respect of the carrying amounts of the Group's foreign currency denominated financial assets and liabilities in net position as at 31 December 2025 and 2024 were as follows:

	2025 RMB'000	2024 RMB'000
Net financial liabilities		
US\$	–	(3,748,734)
RMB	(14,525,133)	(10,271,330)

The Group has designated its RMB denominated borrowings outside the Chinese Mainland as hedging instruments for the changes in the value of the net investments in the Chinese Mainland attributable to changes in the HK\$/RMB spot rate. It is the Group's policy to monitor the currency risk arising from the net investments in the Chinese Mainland and to adjust the hedging strategy when necessary. The risk management policy and hedging strategy are reviewed in light of the changes in the value of the Group's total net investments in the Chinese Mainland.

The carrying amount of the RMB denominated borrowings designated as hedging instruments at 31 December 2025 was RMB15,444,866,000 (2024: nil). The hedge was determined to be fully effective as the carrying amount of the hedged items did not drop below the carrying amount of the hedging instruments throughout the hedging period. Foreign exchange losses of RMB590,724,000 (2024: nil) was recognized in the Group's other comprehensive income for the year on translation of such RMB denominated borrowings to HK\$.

Notes to the Consolidated Financial Statements

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.2 Market risk (Continued)

(a) Foreign currency risk (Continued)

As HK\$ is pegged to US\$, the Group does not have material exchange risk exposure on such currencies.

The following sensitivity analysis, determined based on the assumed percentage changes in foreign currency exchange rates taking place at the beginning of the financial year and held constant throughout the year, demonstrates the Group's exposure to a reasonably possible change in RMB exchange rate against the HK\$ on the Group's net asset position denominated in RMB as at 31 December 2025 and 2024 (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	2025 RMB'000	2024 RMB'000
Increase/(Decrease) in profit for the year and retained profits		
RMB against HK\$		
– strengthen by 5%	45,987	(513,567)
– weaken by 5%	(45,987)	513,567
	2025 RMB'000	2024 RMB'000
(Decrease)/Increase in other components of equity		
RMB against HK\$		
– strengthen by 5%	(772,243)	–
– weaken by 5%	772,243	–

(b) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk mainly arises from lease liabilities, bank and other borrowings, guaranteed notes and corporate bonds and certain balances with associates, joint ventures, non-controlling shareholders and other related companies. Balances arranged at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. Details of the Group's lease liabilities, bank and other borrowings, guaranteed notes and corporate bonds and balances with associates, joint ventures, non-controlling shareholders and other related companies at the end of the reporting period are disclosed in notes 37(a), 31, 32, 24, 25, 26 and 27 respectively.

The Group's bank balances also expose it to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The directors consider the Group's exposure on bank deposits is not significant as interest-bearing deposits are within short maturity periods in general.

In addition, lease liabilities which are fixed rate instruments are insensitive to changes in interest rates and a change in interest rate at the end of the reporting period would not affect the Group's profit or loss.

Notes to the Consolidated Financial Statements

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.2 Market risk (Continued)

(b) Interest rate risk (Continued)

The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The following sensitivity demonstrates the Group's exposure to a reasonably possible change in interest rates on its floating rate borrowings with all other variables held constant at the end of the reporting period (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	2025 RMB'000	2024 RMB'000
(Decrease)/Increase in profit after tax and retained profits		
+ 50 basis point ("bp") (2024: 50 bp)	(2,613)	(2,579)
– 10 bp (2024: 10 bp)	523	516

The changes in interest rates do not affect the Group's other components of equity. The above sensitivity analysis is prepared based on the assumption that the borrowing period of the balances outstanding at the end of the reporting period resembles that of the corresponding financial year.

48.3 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities. The Group is also exposed to credit risk arising from the provision of financial guarantees.

The carrying amounts of trade and other receivables, amounts due from associates, joint ventures, non-controlling shareholders, cash and bank balances represent the Group's maximum exposure to credit risk in respect of these items. The maximum exposure to credit risk in respect of the financial guarantees provided by the Group at the end of the reporting period is disclosed in note 44(a).

The Group limits its exposure to credit risk by rigorously selecting the counterparties and to deal with creditworthy counterparties. Credit risk on cash and bank balances (note 28) is mitigated as cash is deposited with reputable banks and financial institutions. The credit and investment policies have been consistently applied and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

Notes to the Consolidated Financial Statements

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.3 Credit risk (Continued)

For the years ended 31 December 2025 and 2024, the Group did not have significant concentration of credit risk as its trade and other receivables consist of a large number of customers and debtors. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in note 22.

In respect of trade receivables, the Group closely monitors the payments from customers in accordance with the payment terms and schedules agreed with the customers. The Group also has other monitoring procedures to ensure follow up action is taken to recover overdue debts. Accordingly, management considers that recoverability concern over those receivables is remote.

In respect of other receivables, amounts due from associates, joint ventures and non-controlling shareholders, the Group considers the background and regularly monitors the financial condition of the counterparties to assess the recoverability of the outstanding balances.

In respect of the guarantee provided for bank loans granted to the joint venture and the associate (note 44(a)), the Group closely monitors the financial condition of the joint venture and the associate and the directors assessed that the risk of default of payment of the outstanding bank loans together with the accrued interest thereon by the joint venture and the associate is remote.

The Group typically provides guarantees to banks or government agencies in connection with the customers' borrowing of mortgage loans to finance their purchase of properties (note 44(a)). If a purchaser defaults on the payment of the mortgage during the period of guarantee, the bank or government agency holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the sales deposits received from the purchasers and resell the repossessed properties. As the mortgage loans are generally secured by properties with value higher than the guaranteed amounts, the directors consider the Group would likely recover any loss incurred arising from the guarantees provided by the Group. In this regard, the directors consider that the Group's credit risk on providing guarantees to the purchasers of the Group's properties is significantly reduced and the ECL is insignificant.

Impairment under ECL model

As disclosed in note 4.11(ii), the Group recognizes loss allowance for ECL on debt instruments carried at amortized cost. The Group applies general approach to measure ECL on trade and other receivables, amounts due from associates, joint ventures and non-controlling shareholders and cash and bank balances. Under the general approach, the Group applies the "3-stage" impairment model for ECL measurement based on change in credit risk since initial recognition as follows:

Notes to the Consolidated Financial Statements

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.3 Credit risk (Continued)

Impairment under ECL model (Continued)

- Stage 1: If the credit risk of the financial instrument has not increased significantly since initial recognition, the financial instrument is included in Stage 1.
- Stage 2: If the credit risk of the financial instrument has increased significantly since initial recognition but is not deemed to be credit-impaired, the financial instrument is included in Stage 2.
- Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in Stage 3.

The ECL for financial instruments in Stage 1 are measured at an amount equal to 12-month ECL whereas the ECL for financial instruments in Stage 2 or Stage 3 are measured at an amount equal to lifetime ECL.

When determining whether the risk of default has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit risk assessment and including forward-looking information.

Having regard to industry practice, relevant regulation and government measures, as well as the background and behavior of the debtors/counterparties, the Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. In addition, the Group considers that a financial asset to be in default when: (i) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is more than 180 days past due.

The Group has rebutted the presumptions that credit risk has increased significantly since initial recognition when financial assets are more than 30 days past due and that financial assets are in default when they are more than 90 days past due based on the past settlement records of the Group and the industry's practice.

At the end of each reporting period, the Group assesses whether a financial asset is credit-impaired. A financial asset is considered credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the debtor;
- (b) a breach of contract, such as a default or past due event;
- (c) granting a concession to the debtors that the lender would not otherwise consider for economic or contractual reasons relating to the debtor's financial difficulty; or
- (d) it is becoming probable that the debtor will enter bankruptcy or other financial reorganization.

Notes to the Consolidated Financial Statements

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.3 Credit risk (Continued)

Impairment under ECL model (Continued)

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Subsequent recoveries of a financial asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure of default. The assessment of the probability of default and loss given default is based on historical data and adjusted for forward-looking information through the use of industry trend and experienced credit judgment to reflect the qualitative factors, and through the use of multiple probability weighted scenarios.

In respect of trade and other receivables, amounts due from associates, joint ventures and non-controlling shareholders, the Group considers the background and regularly monitors the financial condition of the counterparties to assess the recoverability of the outstanding balances. Management does not expect significant loss allowance from non-performance by the counterparties and assessed that the ECL in respect of these balances was insignificant. Impairment losses on financial assets are recognized in "Other income and gains, net" in the consolidated income statement.

48.4 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables including amounts due to related companies and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain prudent liquidity risk management which is to maintain sufficient cash and bank balances as well as to make available of fund through adequate amounts of committed credit facilities and the ability to close out market positions. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group has gained multiple accesses to funds from both investors and financial institutions in the Chinese Mainland and international market to meet its requirements in working capital, refinancing and project development. The liquidity policies have been consistently applied and are considered to have been effective in managing liquidity risk.

Notes to the Consolidated Financial Statements

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.4 Liquidity risk (Continued)

The following tables summarize the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities based on agreed scheduled repayment dates set out in the agreements or the repayment schedules agreed with the banks and other lenders.

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	On demand or within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2025						
Non-derivatives						
Bank borrowings	33,907,240	36,572,095	10,380,742	9,434,270	13,734,017	3,023,066
Guaranteed notes and corporate bonds	5,000,000	5,255,515	2,288,316	70,500	2,896,699	–
Trade payables, other payables and accruals	10,774,884	10,774,884	10,774,884	–	–	–
Amounts due to associates	183,166	183,166	183,166	–	–	–
Amounts due to joint ventures	380,344	380,344	380,344	–	–	–
Amounts due to non- controlling shareholders	5,302,128	5,319,020	5,319,020	–	–	–
Amounts due to related companies	261,145	263,986	263,986	–	–	–
	55,808,907	58,749,010	29,590,458	9,504,770	16,630,716	3,023,066
Lease liabilities	22,519	23,319	11,505	5,365	6,449	–
	55,831,426	58,772,329	29,601,963	9,510,135	16,637,165	3,023,066
Financial guarantees issued – Maximum amount guaranteed	–	9,007,806	9,007,806	–	–	–

Notes to the Consolidated Financial Statements

48. FINANCIAL RISK MANAGEMENT (CONTINUED)

48.4 Liquidity risk (Continued)

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	On demand or within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2024						
Non-derivatives						
Bank borrowings	30,119,589	32,751,867	9,912,963	10,052,845	10,188,820	2,597,239
Other borrowings	800,000	813,393	813,393	–	–	–
Guaranteed notes and corporate bonds	8,782,049	9,156,551	3,052,684	4,846,523	1,257,344	–
Trade payables, other payables and accruals	12,843,464	12,843,464	12,843,464	–	–	–
Amounts due to associates	155,166	155,166	155,166	–	–	–
Amounts due to joint ventures	255,857	255,857	255,857	–	–	–
Amounts due to non- controlling shareholders	5,129,250	5,132,621	5,132,621	–	–	–
Amounts due to related companies	261,145	267,550	189,683	77,867	–	–
	58,346,520	61,376,469	32,355,831	14,977,235	11,446,164	2,597,239
Lease liabilities	24,791	25,936	9,680	8,348	7,908	–
	58,371,311	61,402,405	32,365,511	14,985,583	11,454,072	2,597,239
Financial guarantees issued						
– Maximum amount guaranteed	–	16,151,578	16,151,578	–	–	–

As disclosed in note 48.3, it is not probable that guarantees provided would result in significant financial impact to the Group including credit loss and liquidity risk.

Notes to the Consolidated Financial Statements

49. PARTICULARS OF SUBSIDIARIES

The following are the particulars of the principal subsidiaries at 31 December 2025 which, in the opinion of the directors of the Company, principally affect the results, assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Company's directors, result in particulars of excessive length.

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
Best Beauty Investments Limited	British Virgin Islands	Ordinary	1 share of US\$1 each	–	100%	Investment holding
Big Leader International Limited	Hong Kong	Ordinary	HK\$1	–	51%	Investment holding
Capital Way Investment Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
China Overseas Grand Oceans Finance IV (Cayman) Limited (COGO Finance IV)	Cayman Islands	Ordinary	1 share of US\$1 each	100%	–	Fund-raising
China Overseas Grand Oceans Investments Limited	Hong Kong	Ordinary	HK\$1	100%	–	Investment holding
中海宏洋地產集團有限公司 (COGO Properties)	PRC*	Paid up capital	RMB8,000,000,000 (2024: RMB6,007,630,879)	–	100%	Investment holding and property development
China Overseas Yin Chuan Investments Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Citrich International Limited (Citrich)	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
East Pacific (H.K.) Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Ever United Development Limited	Hong Kong	Ordinary	HK\$1	100%	–	Financing and investment
Global East Development Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Grand Success Group Holdings Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Grand Will Asia Pacific Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Grandca International Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Grandwide (H.K.) Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding

Notes to the Consolidated Financial Statements

49. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
Greatbo (H.K.) Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Great Kind Development Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Jet Pacific Investment Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Long Capital Investment Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Longwide Holdings Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Main Lucky International Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Max Pacific Investment Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Moonstar Development Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Pacific King Holdings Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Pandue Investments Limited	British Virgin Islands	Ordinary	100 shares of US\$1 each	100%	–	Investment holding
Sino Global Development Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Talent Race Holdings Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Top Wonder International Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
Well Great (H.K.) Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
World Dynasty Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
World United International Limited	Hong Kong	Ordinary	HK\$1	–	100%	Investment holding
China Overseas Grand Oceans Finance V (Cayman) Limited (COGO Finance V)	Cayman Islands	Ordinary	1 share of US\$1 each	100%	–	Fund-raising

Notes to the Consolidated Financial Statements

49. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
上海中海宏洋置業有限公司	PRC [#]	Paid up capital	RMB15,000,000	–	100%	Investment holding
中海宏洋地產(合肥)有限公司	PRC [^]	Paid up capital	RMB580,000,000	–	100%	Property development
中海宏洋地產(銀川)有限公司	PRC [*]	Paid up capital	RMB20,000,000	–	100% (2024: 85%)	Property development
中海宏洋地產(揚州)有限公司	PRC [^]	Paid up capital	RMB1,000,000,000	–	100%	Property development
中海宏洋地產(鹽城)有限公司	PRC [^]	Paid up capital	RMB1,086,339,800	–	100%	Property development
中海宏洋置地(鹽城)有限公司	PRC [^]	Paid up capital	RMB350,000,000	–	51%	Property development
中海宏洋置業(常州)有限公司	PRC [^]	Paid up capital	RMB700,000,000 (2024: RMB1,000,000,000)	–	100%	Property development
中海宏洋(南通)投資開發有限公司	PRC [^]	Paid up capital	RMB975,000,000 (2024: RMB750,000,000)	–	100%	Property development
北京中京藝苑置業有限公司	PRC [#]	Paid up capital	RMB30,000,000	–	100%	Property investment and property leasing
北京快樂城堡購物中心有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property leasing
北京通惠房地產開發有限責任公司	PRC [#]	Paid up capital	RMB100,000,000	–	100%	Property development
呼和浩特光大環城建設開發有限公司	PRC [#]	Paid up capital	RMB120,000,000	–	80%	Property development
呼和浩特市中海宏洋地產有限公司	PRC [#]	Paid up capital	RMB50,000,000	–	100%	Property development
呼和浩特市榮城房地產開發有限公司	PRC [#]	Paid up capital	RMB15,000,000	–	100%	Property development
南寧中海宏洋房地產有限公司 (COGO Nanning)	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
深圳市建地投資有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Investment holding
廣州市光大花園房地產開發有限公司	PRC [*]	Paid up capital	RMB20,000,000	–	100%	Property development

Notes to the Consolidated Financial Statements

49. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
蘭州中海宏洋房地產開發有限公司	PRC [#]	Paid up capital	RMB1,000,000,000	–	100%	Property development
吉林省中海宏洋房地產開發有限公司	PRC [#]	Paid up capital	RMB50,000,000	–	100%	Property development
吉林省中海海華房地產開發有限公司	PRC [#]	Paid up capital	RMB50,000,000	–	85%	Property development
南寧中海宏洋置業有限公司	PRC [^]	Paid up capital	RMB1,000,000,000 (2024: RMB1,700,000,000)	–	100%	Property development
紹興中海宏洋地產有限公司	PRC [#]	Paid up capital	RMB50,000,000	–	100%	Property development
揚州中海宏洋置業有限公司	PRC [#]	Paid up capital	RMB50,000,000	–	100%	Property development
揚州中潤置業有限公司	PRC [^]	Paid up capital	RMB902,000,000 (2024: RMB758,000,000)	–	100%	Property development
汕頭市中海宏洋地產有限公司	PRC [#]	Paid up capital	RMB230,000,000	–	100%	Property development
汕頭市中海宏洋置業有限公司	PRC [#]	Paid up capital	RMB50,000,000	–	100%	Property development
中海宏洋地產(徐州)有限公司	PRC [^]	Paid up capital	RMB238,650,000	–	100%	Property development
中海宏洋(鹽城)房地產開發有限公司	PRC [*]	Paid up capital	RMB20,000,000	–	100%	Property development
中海宏洋地產(黃山)有限公司	PRC [*]	Paid up capital	US\$2,500,000	–	55%	Property development
中海潤洋置業(揚州)有限公司	PRC [^]	Paid up capital	US\$60,000,000	–	100%	Property development
中海宏洋(深圳)投資集團有限公司 (CGOSIL)	PRC [^]	Paid up capital	RMB600,000,000	–	100%	Investment holding
中海瘦西湖房地產揚州有限公司	PRC [#]	Paid up capital	RMB240,000,000	–	70%	Property development
揚州市江都區信泰置業有限公司	PRC [#]	Paid up capital	RMB185,600,000	–	100%	Property development

Notes to the Consolidated Financial Statements

49. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
中海宏洋地產汕頭投資有限公司	PRC [#]	Paid up capital	RMB370,000,000	–	100%	Property development
汕頭中海宏洋南濱置業發展有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Hotel operation
汕頭市潮陽房地產有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	51%	Property development
汕頭市金平區中信房產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	70%	Property development
中海宏洋惠州控股有限公司	PRC [#]	Paid up capital	RMB200,000,000	–	100%	Property development
惠州市中海宏洋地產有限公司	PRC [#]	Paid up capital	RMB200,000,000	–	100%	Property development
中海宏洋惠州城市建設開發有限公司	PRC [#]	Paid up capital	RMB130,000,000	–	100%	Property development
惠州盈通投資有限公司	PRC [#]	Paid up capital	RMB60,000,000	–	100%	Property development
中海宏洋惠州湯泉開發有限公司	PRC [^]	Paid up capital	RMB60,000,000	–	100%	Property development and hotel operation
中海宏洋廬山西海(九江) 投資有限公司	PRC [#]	Paid up capital	RMB800,000,000	–	100%	Property development and hotel operation
九江市深水灣投資有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
九江市桃花里投資有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
九江市溪谷投資有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
九江市納帕谷投資有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
濰博中海海韻置業有限公司	PRC [^]	Paid up capital	RMB338,360,000	–	100%	Property development

Notes to the Consolidated Financial Statements

49. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
濟寧海盛房地產開發有限公司 (Formerly known as 中海濰博置業有限公司)	PRC [^]	Paid up capital	HK\$770,000,000	–	100%	Property development
濰坊中海興業房地產有限公司	PRC [*]	Paid up capital	RMB58,823,500 (2024: RMB50,000,000)	–	100%	Property development
中海宏洋置業(徐州)有限公司	PRC [#]	Paid up capital	RMB60,000,000	–	34% ⁺	Property development
西寧中海宏洋房地產開發有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
贛州中海海創地產有限公司	PRC [*]	Paid up capital	RMB19,230,769	–	100%	Property development
中海海華南通地產有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
合肥中海宏洋海東房地產開發有限公司	PRC [^]	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海宏洋海創房地產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
揚州海龍置業有限公司	PRC [#]	Paid up capital	RMB50,000,000	–	100%	Property development
揚州海富置業有限公司	PRC [#]	Paid up capital	RMB50,000,000	–	100%	Property development
包頭市中海宏洋地產有限公司	PRC [^]	Paid up capital	RMB10,000,000	–	60%	Property development
蘭州中海海富房地產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
包頭市宏洋海富地產有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
贛州中海海華房地產有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
鹽城潤洋置業有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
南通市華璽房地產有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	30% ⁺	Property development

Notes to the Consolidated Financial Statements

49. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
吉林省中海海富房地產開發有限公司	PRC [^]	Paid up capital	RMB10,000,000	–	100%	Property development
吉林省中海海悅房地產開發有限公司	PRC [^]	Paid up capital	RMB10,000,000	–	100%	Property development
銀川中海海華置業有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
柳州中海宏洋房地產有限公司	PRC [#]	Paid up capital	RMB28,571,429	–	70%	Property development
蘭州中海環宇商業運營管理有限公司	PRC [#]	Paid up capital	RMB1,000,000	–	100%	Provision of property management services
濟寧中海宏洋地產有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
合肥中海宏洋海悅房地產開發有限公司	PRC [#]	Paid up capital	RMB50,000,000	–	100%	Property development
呼和浩特市海巍地產有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海宏洋海華房地產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海宏洋海晟房地產開發有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	60%	Property development
合肥中海宏洋海宸房地產開發有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	60%	Property development
南寧中海宏洋海悅房地產有限公司	PRC [#]	Paid up capital	RMB33,333,333	–	60%	Property development
蘭州中海海通房地產開發有限公司	PRC [#]	Paid up capital	RMB16,666,667	–	60%	Property development
蘭州中海海創房地產開發有限公司	PRC [#]	Paid up capital	RMB50,000,000	–	100%	Property development
揚州市海盛房地產開發有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
南通市中海海盛房地產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	60%	Property development

Notes to the Consolidated Financial Statements

49. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
南通市中海海通房地產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	60%	Property development
南通市中海海潤房地產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	60%	Property development
常州市海盛房地產開發有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
中海宏洋恒華置業(常州)有限公司	PRC [*]	Paid up capital	RMB625,000,000	–	100%	Property development
濟寧中海宏洋置業有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
徐州海創置業有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
中海投資渭南有限公司	PRC [*]	Paid up capital	RMB300,000,000	–	100%	Property development
渭南中海興業置業有限公司	PRC [#]	Paid up capital	RMB400,000,000	–	100%	Property development
渭南中海興華置業有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
贛州海卓房地產有限公司 (Formerly known as 清遠市中海 宏洋房地產開發有限公司)	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
揚州市海創房地產開發有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
桂林中海宏洋房地產有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
深圳市創史企業管理有限公司	PRC [#]	Paid up capital	RMB400,000,000	–	51%	Investment holding
南寧市平德房地產開發有限公司	PRC [*]	Paid up capital	RMB500,000,000	–	41% [*]	Property development
徐州海麗置業有限公司	PRC [*]	Paid up capital	RMB270,000,000	–	100%	Property development
泉州市中海宏洋海創房地產開發 有限公司	PRC [*]	Paid up capital	RMB10,000,000	–	100%	Property development
吉林市中海海盛房地產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development

Notes to the Consolidated Financial Statements

49. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
中海宏洋地產(九江)有限公司	PRC ^a	Paid up capital	RMB360,000,000	–	100%	Property development
呼和浩特市宏洋海江地產有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
呼和浩特市宏洋海川地產有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
包頭市宏洋海創地產有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
銀川中海海盛置業有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
銀川中海海悅置業有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
吉林市海慧房地產開發有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	51%	Property development
吉林市海通房地產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海海榮房地產有限責任公司	PRC [#]	Paid up capital	RMB1,100,000,000	–	60%	Property development
合肥中海海瑞房地產開發有限公司 (Hefei Hairui)	PRC [#]	Paid up capital	RMB100,000,000	–	100%	Property development
合肥中海海惠房地產有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
金華中海宏洋地產有限公司	PRC ^a	Paid up capital	RMB500,000,000	–	100%	Property development
天水中海宏洋房地產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
中海海富地產(九江)有限公司	PRC ^a	Paid up capital	RMB634,400,000 (2024: RMB619,800,000)	–	100%	Property development
丹陽海盛房地產開發有限公司	PRC ^a	Paid up capital	RMB410,000,000	–	100%	Property development
泰州市中海潤泰置業有限公司	PRC ^a	Paid up capital	RMB517,000,000	–	85%	Property development
鹽城匯海置業有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development

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49. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
鹽城潤海置業有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
汕頭市海學房地產開發有限公司	PRC [#]	Paid up capital	RMB510,000,000	–	100%	Property development
惠州市海平地產有限公司	PRC [#]	Paid up capital	RMB800,000,000	–	60%	Property development
惠州市海平置業有限公司	PRC [#]	Paid up capital	RMB1,200,000,000	–	100%	Property development
濰坊中海海盛地產有限公司	PRC [^]	Paid up capital	RMB10,000,000	–	100%	Property development
唐山市中海宏洋房地產開發有限公司	PRC [^]	Paid up capital	RMB10,000,000	–	100%	Property development
唐山市中海海富房地產開發有限公司	PRC [^]	Paid up capital	RMB400,000,000	–	100%	Property development
廊坊市宏洋房地產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
遵義海盛置業有限公司	PRC [#]	Paid up capital	RMB16,666,700	–	70%	Property development
遵義中海海潤置業有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	80%	Property development
株洲中海宏洋地產有限公司	PRC [^]	Paid up capital	RMB500,000,000	–	70%	Property development
株洲中海宏洋商業發展有限公司	PRC [^]	Paid up capital	RMB14,285,715	–	70%	Property development
常州市中海海潤房地產開發有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
惠州市海盛房地產開發有限公司	PRC [^]	Paid up capital	RMB10,000,000	–	100%	Property development
中海宏洋海富(合肥)房地產開發有限公司	PRC [^]	Paid up capital	RMB100,000,000	–	100%	Property development
合肥中海海飛房地產有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
合肥中海海駿房地產有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
安慶中海宏洋房地產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development

Notes to the Consolidated Financial Statements

49. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
滁州中海宏洋房地產有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
蘭州中海海潤房地產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
西寧中海海潤房地產開發有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
贛州中海海富房地產有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
揚州海發地產置業有限公司	PRC [#]	Paid up capital	RMB200,000,000		99.5%	Property development
泰州潤通房地產開發有限公司	PRC [#]	Paid up capital	RMB1,400,000,000 (2024: RMB1,573,656,263)	–	70%	Property development
鹽城海洲置業有限公司	PRC [#]	Paid up capital	RMB700,000,000	–	45% ⁺	Property development
鹽城旭邦置業有限公司	PRC [#]	Paid up capital	RMB200,000,000	–	46% ⁺	Property development
泉州市中海海悅房地產開發有限公司	PRC [#]	Paid up capital	RMB210,000,000	–	100%	Property development
惠州市海嘉房地產開發有限公司	PRC [#]	Paid up capital	RMB310,000,000	–	50% ⁺	Property development
湛江市海通房地產開發有限公司	PRC [#]	Paid up capital	RMB300,000,000	–	50% ⁺	Property development
濰坊海慧地產有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
臨沂海晟地產有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
徐州海鑫置業有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
徐州潤耀地產有限公司	PRC [#]	Paid up capital	RMB450,000,000	–	67%	Property development
淮安潤欣置業有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
淮安淮潤地產有限公司	PRC [*]	Paid up capital	RMB1,600,000,000	–	51%	Property development

Notes to the Consolidated Financial Statements

49. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
紹興中海海富置業有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
金華海盛置業有限公司 (Jinhua Haisheng)	PRC [#]	Paid up capital	RMB600,000,000	–	100%	Property development
義烏海創房地產開發有限公司	PRC [#]	Paid up capital	RMB900,000,000	–	100%	Property development
常州市中海海澄房地產開發有限公司	PRC [#]	Paid up capital	RMB800,000,000	–	100%	Property development
常州市中海海泓房地產有限公司	PRC [#]	Paid up capital	RMB700,000,000	–	100%	Property development
徐州威拓房地產開發有限公司	PRC [#]	Paid up capital	RMB400,000,000	–	66%	Property development
深圳市中宏低碳建築科技有限公司	PRC [^]	Paid up capital	RMB35,000,000 (2024: RMB20,000,000)	–	100%	Advisory services
南通市海洲房地產開發有限公司	PRC [#]	Paid up capital	RMB122,500,000	–	60%	Property development
汕頭市海富房地產有限公司	PRC [#]	Paid up capital	RMB600,000,000	–	100%	Property development
淄博中海宏洋房地產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
南寧中海宏洋海怡房地產有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
南寧中海宏洋海璟房地產有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	100%	Property development
合肥啟盛房地產開發有限公司 (Hefei Qisheng)	PRC [#]	Paid up capital	RMB2,000,000,000	–	34% ⁺	Property development
贛州中海海蓉房地產有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
贛州中海海悅房地產有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development

Notes to the Consolidated Financial Statements

49. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
合肥啟瑞房地產開發有限公司	PRC [#]	Paid up capital	RMB360,000,000	–	60%	Property development
合肥啟寧房地產開發有限公司	PRC [#]	Paid up capital	RMB1,000,000,000	–	60%	Property development
南通市海誠房地產開發有限公司	PRC [#]	Paid up capital	RMB580,000,000	–	60%	Property development
泉州市海宸房地產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
泉州市中海宏洋海盛房地產開發有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	100%	Property development
中宏海創(泉州)工程管理有限公司	PRC [^]	Paid up capital	RMB40,000,000 (2024: RMB30,000,000)	–	100%	Property development
合肥方啟環興置業有限責任公司	PRC [#]	Paid up capital	RMB400,000,000	–	50% ⁺	Property development
合肥啟樾天築置業有限公司 [®]	PRC [*]	Paid up capital	RMB10,000,000	–	100%	Property development
合肥啟宸科築置業有限公司 [®]	PRC [#]	Paid up capital	RMB580,000,000	–	51%	Property development
蘭州海盛房地產開發有限公司 [®]	PRC [*]	Paid up capital	RMB400,000,000	–	70%	Property development

[®] These subsidiaries were newly established or invested during the year ended 31 December 2025.

[^] The companies are established in the PRC as wholly-foreign-owned enterprises.

^{*} The companies are established in the PRC as sino-foreign equity joint ventures.

[#] The companies are established in the PRC as limited liability companies.

⁺ The Group directly or indirectly holds 50% or less of the equity interests in these companies, which have been accounted for as subsidiaries of the Company, as the Group exercises control to direct the relevant activities unilaterally in accordance with respective cooperation agreements and/or the articles of association of these companies.

None of the subsidiaries had any debt securities in issue as at 31 December 2025 and 2024 except for (i) CGOSIL, Hefei Hairui and COGO Properties which had issued instruments as set out in note 31(a); (ii) COGO Finance IV which had issued the 2021 Guaranteed Notes as set out in note 32(a); and (iii) COGO Properties which has issued several corporate bonds as set out in 32(b) respectively.

Notes to the Consolidated Financial Statements

50. PARTICULARS OF ASSOCIATES

The particulars of the associates as at 31 December 2025 are as follows:

Name of associates	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
中信房地產汕頭華鑫有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	30%	Property development
汕頭市金城花園房地產有限公司	PRC [#]	Paid up capital	RMB10,000,000	–	45%	Property development
鹽城海建置業有限公司	PRC [#]	Paid up capital	RMB20,000,000	–	35%	Property development
鹽城悅宸房地產開發有限公司	PRC [#]	Paid up capital	RMB620,000,000	–	33%	Property development
惠州市海瓏房地產開發有限公司	PRC [#]	Paid up capital	RMB250,000,000	–	50%	Property development
淄博海創置業有限公司	PRC [#]	Paid up capital	RMB35,294,100	–	49%	Property development
合肥潤蓬房地產開發有限公司	PRC [#]	Paid up capital	RMB360,000,000	–	40%	Property development
合肥啟仰城築置業有限公司 [®]	PRC [#]	Paid up capital	RMB100,000,000	–	39%	Property development

[#] The companies are established in the PRC as limited liability companies.

[®] The associate was newly established during the year ended 31 December 2025.

Notes to the Consolidated Financial Statements

51. PARTICULARS OF JOINT VENTURES

The particulars of the joint ventures as at 31 December 2025 are as follows:

Name of joint ventures	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
上海金鶴數碼科技發展有限公司	PRC*	Paid up capital	US\$2,400,000	–	65% [^]	Property investment and property leasing
南京崇茂置業有限公司	PRC [#]	Paid up capital	RMB45,000,000	–	49.5% [^]	Investment holding
湛江市海創房地產開發有限公司	PRC [#]	Paid up capital	RMB600,000,000	–	50% [^]	Property development
湛江市金順房地產開發有限公司	PRC [#]	Paid up capital	RMB370,000,000	–	50% [^]	Property development
泰州城茂房地產開發有限公司	PRC [#]	Paid up capital	RMB300,000,000	–	24.75% [^]	Property development

* The company is established in the PRC as sino-foreign equity joint venture.

The companies are established in the PRC as a limited liability companies.

[^] The Group exercises joint control to direct the relevant activities which require unanimous consent with other joint venture partners in accordance with the respective joint venture agreements and/or the articles of association of these companies, and accordingly, these companies have been accounted for as joint ventures of the Group.

52. EVENTS AFTER THE END OF THE REPORTING PERIOD

In February 2026, COGO Properties completed the issuance of the first tranche of 2026 corporate bond due February 2029 in the principal amount of RMB1,000,000,000 with the interest rate of 2.4% which is irrevocably and unconditionally guaranteed by the Company and listed on the Shanghai Stock Exchange. The proceeds are used for redeeming existing bonds. Furthermore, COGO Properties fully redeemed at par the first tranche of 2023 corporate bond in the principal amount of RMB1,000,000,000 with the interest rate of 3.9% which was issued in February 2023 and listed on the Shanghai Stock Exchange.

In February 2026, China Overseas Grand Oceans Finance V (Cayman) Limited ("COGO Finance V"), a wholly-owned subsidiary of the Company, completed the issuance of the guaranteed notes due February 2029 in the principal amount of RMB1,300,000,000 with the interest rate of 3.2% which is irrevocably and unconditionally guaranteed by the Company and listed on the Stock Exchange. The proceeds are used for refinancing the existing indebtedness of the Group.

Five Year Financial Summary

CONSOLIDATED RESULTS

	For the year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	36,874,435	45,895,252	56,408,144	57,492,018	53,830,471
Profit before income tax	1,365,673	2,160,744	4,122,713	5,978,711	10,149,386
Income tax expense	(816,342)	(944,903)	(2,097,753)	(2,922,587)	(4,504,484)
Profit for the year	549,331	1,215,841	2,024,960	3,056,124	5,644,902
Profit/(Loss) for the year attributable to:					
Owners of the Company	304,658	954,050	2,301,686	3,150,440	5,050,575
Non-controlling interests	244,673	261,791	(276,726)	(94,316)	594,327
	549,331	1,215,841	2,024,960	3,056,124	5,644,902

CONSOLIDATED ASSETS AND LIABILITIES

	At 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total assets	118,698,840	129,182,894	152,030,454	180,781,831	198,786,421
Total liabilities	(80,652,100)	(91,631,831)	(113,900,938)	(143,380,679)	(163,030,162)
	38,046,740	37,551,063	38,129,516	37,401,152	35,756,259
Equity attributable to owners of the Company	31,621,347	31,395,867	31,303,532	29,942,196	28,727,889
Non-controlling interests	6,425,393	6,155,196	6,825,984	7,458,956	7,028,370
	38,046,740	37,551,063	38,129,516	37,401,152	35,756,259

Particulars of Major Properties & Property Interests

(A) PROPERTY HELD FOR OWN USE

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
2F, 3F, 3AF and 23F, CITIC City Plaza 1093 Shennan Zhong Road, Futian District, Shenzhen, Guangdong Province, the PRC	Office	6,603	100%	Medium
Zhonghai Longcheng Garden Building 19, Junction of Longcheng Avenue and Songshan Road, Xinbei District, Changzhou, Jiangsu Province, the PRC	Office	1,478	100%	Medium
Wanjin Garden Building S1, Wanjin Garden, Northeast Corner of Junction of Longchuan Road and Xidi Road, Baohe District, Hefei, Anhui Province, the PRC	Office	2,040	100%	Medium
Room 501, 502, 601 and 602 The Azure-Cai Fu Plaza Annan Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Office	2,081	100%	Medium
China Overseas Plaza (Office Building) Floor 33, No. 1129 Mogao Avenue, Anning District, Lanzhou, Gansu Province, the PRC	Office	2,137	100%	Medium
Floor 2, Business Center International Community Junction of Wudu Avenue and Xingguo Road, Zhanggong District, Ganzhou, Jiangxi Province, the PRC	Office	2,382	100%	Medium

Particulars of Major Properties & Property Interests

(A) PROPERTY HELD FOR OWN USE (CONTINUED)

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
Commercial Tower, Central Mansion No. 150, Qingnian Zhong Road, Chongchuan District, Nantong, Jiangsu Province, the PRC	Office	3,234	100%	Medium
Room 101, Building 8, China Overseas Kaixuan Garden No.1, Kaifang Avenue South Road, Chengnan New District, Yancheng, Jiangsu Province, the PRC	Office	1,265	100%	Medium
18F and 19F, CITIC City Plaza 2 Wenming Yi Road, Huicheng District, Huizhou, Guangdong Province, the PRC	Office	3,065	100%	Medium
China Overseas Plaza No. 7, West Shimin Park Road, Jiangbei Street, Huicheng District, Huizhou, Guangdong Province, the PRC	Office	3,160	100%	Medium
Room 2307, 2501-2506 and 2508 China Overseas Building (No. 9 Office Building) No. 139 Jilin Street, Jilin, Jilin Province, the PRC	Office	1,319	100%	Medium

Particulars of Major Properties & Property Interests

(A) PROPERTY HELD FOR OWN USE (CONTINUED)

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
Lushan Xihai Hotel Lushan Xihai Scenic Area, Jiujiang, Jiangxi Province, the PRC	Hotel	40,281	100%	Medium
China Overseas Hotspring Hotel No. 298 Huizhou Avenue Tangquan Section, Huicheng District, Huizhou, Guangdong Province, the PRC	Hotel	31,713	100%	Medium
Huizhou Hilton Hotel No. 7, West Shimin Park Road, Jiangbei Street, Huicheng District, Huizhou, Guangdong Province, the PRC	Hotel	32,846	100%	Medium
Shantou Nanbin Hotel Haojiang District, Shantou, Guangdong Province, the PRC	Hotel	18,565	100%	Medium
Shantou Chaoyue Hotel Haojiang District, Shantou, Guangdong Province, the PRC	Hotel	6,192	100%	Medium

Particulars of Major Properties & Property Interests

(B) PROPERTY HELD FOR INVESTMENT

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
Office units, No. 1 Building, China Overseas International Center No. 28 Pinganlixi Avenue, Xicheng District, Beijing, the PRC	Office	42,556	100%	Medium
Jin Xin Building (Room 204, 207 and 208) Jinsha Road, Longhu District, Shantou, Guangdong Province, the PRC	Office	1,326	100%	Medium
China Overseas Plaza Office No.1129, Mogao Avenue, Anning District, Lanzhou, Gansu Province, the PRC	Office	53,502	100%	Medium
China Overseas Plaza – Mall (Universal City) Anning District, Lanzhou, Gansu Province, the PRC	Commercial	66,339	100%	Medium
China Overseas Plaza – Shopping Street (Universal City) No. 1131-1149 Mogao Avenue, Anning District, Lanzhou, Gansu Province, the PRC	Commercial	10,958	100%	Medium
China Overseas Plaza No. 7 Community, Jiangbei, Jiangbei Street, Huicheng District, Huizhou, Guangdong Province, the PRC	Commercial	22,161	100%	Medium
Central Mansion Baohe District, Hefei, Anhui Province, the PRC	Commercial	11,992	100%	Medium
Royal Villa South of Dengdian Road, West of Shancha Road, Shushan District, Hefei, Anhui Province, the PRC	Residential	18,209	100%	Medium
Central Park Baohe District, Hefei, Anhui Province, the PRC	Office	17,591	100%	Medium

Particulars of Major Properties & Property Interests

(B) PROPERTY HELD FOR INVESTMENT (CONTINUED)

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
Upper East East of Susong Road, North of Fanhua Avenue, Economic and Technological Development Zone, Hefei, Anhui Province, the PRC	Residential	23,031	100%	Medium
The Halo Intersection of Huainan Road and Jiuding Mountain Road, Xinzhan District, Hefei, Anhui Province, the PRC	Residential	6,604	100%	Medium
Halo Park West of Xinghaiyuan (Phase 3), Huainan Road, Yaohai District, Hefei, Anhui Province, the PRC	Residential	29,398	100%	Medium
Uni World South of Chengdu Road, West of Guizhou Road, Binhu District, Hefei, Anhui Province, the PRC	Commercial/ Office	66,955	60%	Medium
The Azure East of Xingan South Road, Hohhot, Inner Mongolia Autonomous Region, the PRC	Office	11,827	100%	Medium
Left Bank West of Fu Bilie Road, North of Yinhe North Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Commercial	20,382	100%	Medium
The Phoenix West of Fenghuang Road, North of Zhongwu Avenue, Tianning District, Changzhou, the PRC	Commercial	15,037	100%	Medium
Uni Loushan Road Xinpuxin District, Zunyi, Guizhou Province, the PRC	Commercial	26,033	70%	Medium

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES

(I) PROPERTIES UNDER DEVELOPMENT

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Celestial Heights North of Shangzhou Road, East of Xianhu Avenue, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential	80,600	125,100	60%	Superstructure in progress	2019.09	2nd half of 2027
Harrow Community East of Longgang Avenue, South of Sanhe Road, Yongning District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	15,600	44,200	41%	Superstructure in progress	2019.10	2nd half of 2027
Glory Lake The Pu Yue West of Yingbin Road Central, East of Zhengyang Road, Wenchang Lake District, Zibo, Shandong Province, the PRC	Residential/ Commercial	77,400	162,100	100%	Superstructure in progress	2020.07	1st half of 2027
Glorious Palace Tangcun Huangbeikeng Road, Xiaojinkou Street Office, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	42,700	170,400	60%	Superstructure in progress	2020.11	1st half of 2027

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) PROPERTIES UNDER DEVELOPMENT (CONTINUED)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
International Community West of Guihua Second Road, North of Lianxi Avenue, Lianxi District, Jiujiang, Jiangxi Province, the PRC	Residential	39,100	96,500	100%	Superstructure in progress	2021.05	2nd half of 2026
Cozy Land Luo Zhuang District, Linyi, Shandong Province, the PRC	Residential/ Commercial	12,100	40,900	100%	Superstructure in progress	2021.05	2nd half of 2028
The Rivera North City Longhu District, Shantou, Guangdong Province, the PRC	Residential/ Commercial	23,000	124,300	100%	Superstructure in progress	2021.06	2nd half of 2026
Elite Palace No.94, Shidai Avenue, Chengzhong District, Xining, Qinghai Province, the PRC	Residential/ Commercial	127,700	407,700	100%	Superstructure in progress	2021.07	2nd half of 2027
Majestic Mansion Junction of Yandi Da Dao and Liyunan Road, Tianyuan District, Zhuzhou, Hunan Province, the PRC	Residential/ Commercial	23,900	69,900	70%	Superstructure in progress	2021.08	2nd half of 2026
Central Mansion No.57, Fuqian Road, Huai'an District, Huai'an, Jiangsu Province, the PRC	Residential/ Commercial	2,200	7,200	100%	Superstructure in progress	2021.09	1st half of 2026
Future Land Gulou District, Xuzhou, Jiangsu Province, the PRC	Residential/ Commercial	5,100	16,400	100%	Superstructure in progress	2021.09	1st half of 2026

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) PROPERTIES UNDER DEVELOPMENT (CONTINUED)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Mansion One South of Longwei Road, West of Baoxing Road, Yandu District, Yancheng, Jiangsu Province, the PRC	Residential/ Commercial	24,400	75,000	45%	Superstructure in progress	2021.12	2nd half of 2027
Jiangnan Countryard South of Binhe Road, West of Shu'an Road, Guangling District, Yangzhou, Jiangsu Province, the PRC	Residential/ Commercial	46,300	112,600	100%	Superstructure in progress	2021.12	2nd half of 2028
China Overseas Hotspring 298 Huizhou Road, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	29,100	59,800	100%	Superstructure in progress	2022.03	1st half of 2027
China Overseas Platinum Garden 66 Mingle Road, Qilihe District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	48,000	216,700	60%	Superstructure in progress	2022.06	2nd half of 2027
Royal Mansion Southwest of Junction of Ba Zhong Nan Road and Daoxiang Road, Nanqiao District, Chuzhou, Anhui Province, the PRC	Residential/ Commercial	134,000	366,900	100%	Superstructure in progress	2022.06	2nd half of 2027
Genius Garden South of Wangshe Road, East of Beijing Road, Zibo Economic and Technological Development Zone, Shandong Province, the PRC	Residential/ Commercial	29,000	111,300	100%	Superstructure in progress	2022.10	2nd half of 2026

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) PROPERTIES UNDER DEVELOPMENT (CONTINUED)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
The Platinum Pleased Mansion 8 Mingle Road, Qilihe District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	9,000	42,800	100%	Superstructure in progress	2022.12	2nd half of 2027
Skyline No.221, Furong Road, Economic and Technological Development Zone, Hefei, Anhui Province, the PRC	Residential/ Commercial	15,300	45,000	34%	Superstructure in progress	2023.01	1st half of 2026
Hills Scenery East of Shilun Road, North of Bayi Road, Chongchuan District, Nantong, Jiangsu Province, the PRC	Residential	24,900	64,300	60%	Superstructure in progress	2023.04	1st half of 2026
Master Mansion East of Chongye Second Road, South of Gaoxin North Street, Hi-and-New Tech Park, Weinan, Shaanxi Province, the PRC	Residential/ Commercial	23,100	89,500	100%	Superstructure in progress	2023.04	1st half of 2026
Maple Palace Junction of Zhengtong Road and Xueyuan Road, Lunan District, Tangshan, Hebei Province, the PRC	Residential/ Commercial	20,100	41,100	100%	Superstructure in progress	2023.05	2nd half of 2026
The Platinum Pleased Mansion Qinzhou District, Tianshui, Gansu Province, the PRC	Residential/ Commercial	17,000	59,800	100%	Superstructure in progress	2023.06	2nd half of 2026

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) PROPERTIES UNDER DEVELOPMENT (CONTINUED)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
The Metropolis Junction of Huazhong East Road and Duxiu Avenue, Yingjiang District, Anqing, Anhui Province, the PRC	Residential/ Commercial	43,400	139,900	100%	Superstructure in progress	2023.06	2nd half of 2027
Golden Coast Hepu Longhutan, Haojiang District, Shantou, Guangdong Province, the PRC	Residential/ Commercial	40,300	119,600	100%	Superstructure in progress	2023.06	2nd half of 2028
Origin of City West of Yingbin Road, South of Yulong Road, Tinghu District, Yancheng, Jiangsu Province, the PRC	Residential/ Commercial	9,000	36,100	46%	Superstructure in progress	2023.09	1st half of 2026
Honor Mainstays No.219, Chengde North Road, Qingjiangpu District, Huai'an, Jiangsu Province, the PRC	Residential/ Commercial	57,900	187,400	51%	Superstructure in progress	2023.09	2nd half of 2029
The Paragon No.12345, Baotong East Street, Gaoxin District, Weifang, Shandong Province, the PRC	Residential/ Commercial	12,000	33,300	100%	Superstructure in progress	2023.10	1st half of 2026
Zhenru Mansion West of Huanan Road, South of Zhenxing Road, Huanan Xin District, Danyang, Jiangsu Province, the PRC	Residential	2,400	6,600	100%	Superstructure in progress	2023.11	2nd half of 2026

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) PROPERTIES UNDER DEVELOPMENT (CONTINUED)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Elegance Mansion East of Litang Road, South of Yanziling Road, Tianyuan District, Zhuzhou, Hunan Province, the PRC	Residential/ Commercial	47,500	170,600	70%	Superstructure in progress	2023.12	2nd half of 2028
Center Mansion Education Road North, Xuetian River East, Chongchuan District, Nantong, Jiangsu Province, the PRC	Residential/ Commercial	22,700	61,600	60%	Superstructure in progress	2024.03	2nd half of 2026
The One Future Junction of Lion Ridge Road and Jingyi Road, Zhanggong District, Ganzhou, Jiangxi Province, the PRC	Residential/ Commercial	11,500	26,500	100%	Superstructure in progress	2024.03	2nd half of 2026
River View Mansion North of Genghis Khan East Street, East of Wantong Road, Xincheng District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	25,700	68,000	100%	Superstructure in progress	2024.03	2nd half of 2026
Metropolis Times South of Yishan East Road, Fengman District, Jilin, Jilin Province, the PRC	Residential/ Commercial	13,900	40,500	100%	Superstructure in progress	2024.03	2nd half of 2026

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) PROPERTIES UNDER DEVELOPMENT (CONTINUED)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
The Paragon II (previously named "The Paragon") North of the Fourth Road, West of Shuixiao West Road, Hanjiang District, Yangzhou, Jiangsu Province, the PRC	Residential/ Commercial	21,700	52,800	100%	Superstructure in progress	2024.04	1st half of 2026
UniMall Huizhan Street, Fengman District, Jilin, Jilin Province, the PRC	Residential/ Commercial	20,500	61,800	100%	Superstructure in progress	2024.05	2nd half of 2026
Around the World North of Baotong Street, West of Jinma Road, Gaoxin District, Weifang, Shandong Province, the PRC	Commercial	39,000	118,500	100%	Superstructure in progress	2024.06	2nd half of 2026
Unique Palace Westnorth of Junction of Peihua Road and Hongyu Street, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	92,800	178,500	100%	Superstructure in progress	2024.09	2nd half of 2026
Central Manor II Westsouth of Junction of Gedadian Road and Shexian Road, Hefei, Anhui Province, the PRC	Residential	30,400	95,600	50%	Superstructure in progress	2024.12	2nd half of 2026

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) PROPERTIES UNDER DEVELOPMENT (CONTINUED)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Central Mansion East of Dengfeng Avenue, North of Zanxian Road, Zhanggong District, Ganzhou, Jiangxi Province, the PRC	Residential/ Commercial	27,300	63,600	100%	Superstructure in progress	2025.01	2nd half of 2026
Jewel Manor South of Huaihaixi Road, West of Hanshan Road, Quanshan District, Xuzhou, Jiangsu Province, the PRC	Residential/ Commercial	21,500	58,400	100%	Superstructure in progress	2025.02	1st half of 2026
Infinity Vision Southwest corner of the intersection of Jianning West Road and Yintan Road, Anning District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	37,400	113,900	100%	Superstructure in progress	2025.03	1st half of 2027
Center Mansion II Sanlidun Road, Chongchuan District, Nantong, Jiangsu Province, the PRC	Residential/ Commercial	34,000	89,200	100%	Superstructure in progress	2025.03	2nd half of 2026

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) PROPERTIES UNDER DEVELOPMENT (CONTINUED)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Private Mansion Tuanjie Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	46,500	108,100	100%	Superstructure in progress	2025.03	2nd half of 2026
Private Mansion Wangqing Road, Xincheng District, Hohhot, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	76,100	211,800	100%	Superstructure in progress	2025.04	1st half of 2027
Antara North of Beibinhe Road, Anning District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	39,600	146,800	100%	Superstructure in progress	2025.04	1st half of 2027
The Paragon III Hanjiang District, Yangzhou, Jiangsu Province, the PRC	Residential	11,000	22,900	100%	Superstructure in progress	2025.04	1st half of 2026
Central Manor III Southeast of Junction of Gedadian Road and Shexian Road, Hefei, Anhui Province, the PRC	Residential	36,100	113,900	100%	Superstructure in progress	2025.05	1st half of 2026
Paragon North of Beibinhe Road, Anning District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	17,500	59,100	100%	Superstructure in progress	2025.05	1st half of 2027

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) PROPERTIES UNDER DEVELOPMENT (CONTINUED)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Infinity Vision Xingning District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	42,100	156,800	100%	Superstructure in progress	2025.05	2nd half of 2027
Lake Mansion Pingjiang Road, Yuecheng District, Shaoxing, Zhejiang Province, the PRC	Residential	32,100	67,200	100%	Superstructure in progress	2025.07	2nd half of 2026
Inner Mansion North of Mingguang Road, West of Shengli Road, Yaohai District, Hefei, Anhui Province, the PRC	Residential	30,200	87,000	100%	Superstructure in progress	2025.08	2nd half of 2027
Infinity Vision West Section of Binggong Road, Kundulun District, Baotou, Inner Mongolia Autonomous Region, the PRC	Residential/ Commercial	63,300	156,900	100%	Superstructure in progress	2025.09	2nd half of 2027
One Sino Residences Xiuzhu Road, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	57,600	179,500	100%	Superstructure in progress	2025.09	2nd half of 2027
Center Mansion Yanxing Road, Anning District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	76,400	319,600	100%	Superstructure in progress	2025.09	1st half of 2027
Luxury Mansion North of Mingguang Road, West of Shengli Road, Baohe District, Hefei, Anhui Province, the PRC	Residential	52,200	157,900	51%	Superstructure in progress	2025.10	2nd half of 2027

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(I) PROPERTIES UNDER DEVELOPMENT (CONTINUED)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
The Paragon IV North of Moli Flower Road, West of Shuixiao West Road, Hanjiang District, Yangzhou, Jiangsu Province, the PRC	Residential	44,400	94,500	100%	Superstructure in progress	2025.11	2nd half of 2026
Infinity Vision Zhiyaochang Road, Baohe District, Hefei, Anhui Province, the PRC	Residential	20,500	59,100	51%	Superstructure in progress	2025.12	2nd half of 2027
One Sino Residences Lubei District, Tangshan, Hebei Province, the PRC	Residential/ Commercial	78,600	182,900	100%	Superstructure in progress	2025.12	1st half of 2027

(II) LAND HELD FOR FUTURE DEVELOPMENT

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion
One Sino Residences East of Qinshui Garden, North of Fengyue Lane, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	85,700	164,800	100%	Land under development
Tai Ping Guan Zhi Taiping Lake Town, Huangshan District, Anhui Province, the PRC	Residential/ Commercial	449,700	249,500	55%	Land under development
Eternal Vision Zaolin Road, Anning District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	34,700	150,300	100%	Land under development

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(II) LAND HELD FOR FUTURE DEVELOPMENT (CONTINUED)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion
Sky Praise Villa/Eternal Tianfu No.97 Jincheng Road, Chengguan District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	87,700	301,100	100%	Land under development
Lushan Xihai Jinkou Tourist Town, Jiujiang, Jiangxi Province, the PRC	Residential/ Commercial	1,235,400	656,300	100%	Land under development
International Community West of Guihua Second Road, North of Lianxi Avenue, Lianxi District, Jiujiang, Jiangxi Province, the PRC	Residential/ Commercial	337,500	767,700	100%	Land under development
Zhuzhou Zhonghai Park Junction of Yandi Da Dao and Liyunan Road, Tianyuan District, Zhuzhou, Hunan Province, the PRC	Residential	30,300	107,200	70%	Land under development
Zhuzhou Zhonghai Jiuyue Junction of Yandi Da Dao and Liyunan Road, Tianyuan District, Zhuzhou, Hunan Province, the PRC	Residential	112,100	382,200	70%	Land under development
Zhuzhou Zhonghai Universal City Junction of Yandi Da Dao and Liyunan Road, Tianyuan District, Zhuzhou, Hunan Province, the PRC	Commercial	51,200	187,900	70%	Land under development
Golden Coast Hepu Longhutan, Haojiang District, Shantou, Guangdong Province, the PRC	Residential/ Commercial	499,900	1,064,400	100%	Land under development

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(II) LAND HELD FOR FUTURE DEVELOPMENT (CONTINUED)

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion
Infinity Vision No.236 Hongshan Road, Jinjiang, Quanzhou, Fujian Province, the PRC	Residential/ Commercial	30,100	87,200	100%	Land under development
Zhonghai Jindi Duhui Garden South of Huguang Fast Track, Xiashan District, Zhanjiang, Guangdong Province, the PRC	Residential/ Commercial	26,800	114,100	50%	Land under development
Elegant Mansion Rencheng District, Jining, Shandong Province, the PRC	Residential/ Commercial	70,200	154,900	100%	Land under development
Glorioushire North of Wenhui Road, Fengman District, Jilin, Jilin Province, the PRC	Residential/ Commercial	27,900	110,300	100%	Land under development
Fengman District Project #1-2 Fengman District, Jilin, Jilin Province, the PRC	Residential/ Commercial	42,800	104,300	100%	Land under development

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(III) COMPLETED PROPERTIES HELD FOR SALE/OCCUPATION

Name/Location	Category	Approximate Contracted area (sq.m.) (excluding Car Park)	Attributable Interest
COGO City East of Jinfeng Shiyi Street, South of Liu Pan Mountain Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	47,800	85%
Sea Advanced Collection South of Houhai Road, East of Yuewu Lane, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region, the PRC	Residential/ Commercial	22,800	100%
Jewel Manor Intersection of Susong Road and Yushui Road, Hefei, Anhui Province, the PRC	Residential	114,300	60%
World Masterpiece South of Changrong Road, East of Hengtanghe East Road, Qinglong Street, Tianning District, Changzhou, Jiangsu Province, the PRC	Residential/ Commercial	27,900	100%
Future Land Gulou District, Xuzhou, Jiangsu Province, the PRC	Residential/ Commercial	30,100	100%
Lake City Mansion New Huaihai Road, Quanshan District, Xuzhou, Jiangsu Province, the PRC	Residential	36,500	67%
Harrow Community East of Longgang Avenue, South of Sanhe Road, Yining District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	84,700	41%

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(III) COMPLETED PROPERTIES HELD FOR SALE/OCCUPATION (CONTINUED)

Name/Location	Category	Approximate Contracted area (sq.m.) (excluding Car Park)	Attributable Interest
Celestial Heights North of Shangzhou Road, East of Xianhu Avenue, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Residential	76,000	60%
Cullinan No.38 Jinglan Road, Yufeng District, Liuzhou, Guangxi Zhuang Autonomous Region, the PRC	Residential/ Commercial	37,000	70%
New City of China Xinpuxin District, Zunyi, Guizhou Province, the PRC	Residential/ Commercial	66,900	70%
China Overseas Platinum Garden 66 Mingle Road, Qilihe District, Lanzhou, Gansu Province, the PRC	Residential/ Commercial	59,900	60%
Master Mansion East of Chongye Second Road, South of Gaoxin North Street, Hi-and-New Tech Park, Weinan, Shaanxi Province, the PRC	Residential/ Commercial	50,100	100%
The One Future Junction of Lion Ridge Road and Jingyi Road, Zhanggong District, Ganzhou, Jiangxi Province, the PRC	Residential/ Commercial	61,100	100%
Lushan Xihai Jinkou Tourist Town, Jiujiang, Jiangxi Province, the PRC	Residential	65,800	100%

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(III) COMPLETED PROPERTIES HELD FOR SALE/OCCUPATION (CONTINUED)

Name/Location	Category	Approximate Contracted area (sq.m.) (excluding Car Park)	Attributable Interest
International Community West of Guihua Second Road, North of Lianxi Avenue, Lianxi District, Jiujiang, Jiangxi Province, the PRC	Residential	26,000	100%
Majestic Mansion Junction of Yandi Da Dao and Liyunan Road, Tianyuan District, Zhuzhou, Hunan Province, the PRC	Residential/ Commercial	25,700	70%
Jiangnan Countryard South of Binhe Road, West of Shu'an Road, Guangling District, Yangzhou, Jiangsu Province, the PRC	Residential/ Commercial	23,900	99.5%
The Paragon South of Jiangyang Middle Road, West of Zongsan Road, Yangzhou Economic and Technological Development Zone, Yangzhou, Jiangsu Province, the PRC	Residential/ Commercial	26,700	100%
Royal Mansion South of Fenghuang West Road, West of Jiangzhou South Road, Taizhou Economic and Technological Development Zone, Taizhou, Jiangsu Province, the PRC	Residential/ Commercial	59,400	70%
Zhenru Mansion West of Huanan Road, South of Zhenxing Road, Huanan Xin District, Danyang, Jiangsu Province, the PRC	Residential	40,600	100%

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(III) COMPLETED PROPERTIES HELD FOR SALE/OCCUPATION (CONTINUED)

Name/Location	Category	Approximate Contracted area (sq.m.) (excluding Car Park)	Attributable Interest
Central Mansion No.57, Fuqian Road, Huai'an District, Huai'an, Jiangsu Province, the PRC	Residential/ Commercial	21,500	100%
Honor Mainstays No.219, Chengde North Road, Qingjiangpu District, Huai'an, Jiangsu Province, the PRC	Residential/ Commercial	74,200	51%
Hills Scenery East of Shilun Road, North of Bayi Road, Chongchuan District, Nantong, Jiangsu Province, the PRC	Residential	22,400	60%
Center Mansion Education Road North, Xuetian River East, Chongchuan District, Nantong, Jiangsu Province, China	Residential/ Commercial	22,200	60%
Mansion One South of Longwei Road, West of Baoxing Road, Yandu District, Yancheng, Jiangsu Province, the PRC	Residential/ Commercial	20,700	45%
Platinum Mansion 02-03-05 Zhongxin, Binhaixincheng Nanbinpian District, Haojiang District, Shantou, Guangdong Province, the PRC	Residential	23,400	100%

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(III) COMPLETED PROPERTIES HELD FOR SALE/OCCUPATION (CONTINUED)

Name/Location	Category	Approximate Contracted area (sq.m.) (excluding Car Park)	Attributable Interest
Golden Coast Hepu Longhutan, Haojiang District, Shantou, Guangdong Province, the PRC	Residential	117,000	100%
La Cite Haojiang District, Shantou, Guangdong Province, the PRC	Residential/ Commercial	22,200	100%
Guan Yun Fu Xinxipian District, East Coast, Shantou, Guangdong Province, the PRC	Residential	33,300	100%
The Rivera North City Longhu District, Shantou, Guangdong Province, the PRC	Residential/ Commercial	67,100	100%
Private Mansion Shanzai Community, Luoshan Street, Jinjiang, Quanzhou, Fujian Province, the PRC	Residential/ Commercial	27,300	100%
Master Mansion Dongxing Community, Chengdong Street, Fengze District, Quanzhou, Fujian Province, the PRC	Residential/ Commercial	49,000	100%
Harbour City Xuri Road, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	28,900	100%
City Plaza Huicheng District, Huizhou, Guangdong Province, the PRC	Commercial	48,700	100%
Glorious Palace Tangcun Huangbeikeng Road, Xiaojinkou Street Office, Huicheng District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	26,100	60%

Particulars of Major Properties & Property Interests

(C) PROPERTY HELD AS INVENTORIES (CONTINUED)

(III) COMPLETED PROPERTIES HELD FOR SALE/OCCUPATION (CONTINUED)

Name/Location	Category	Approximate Contracted area (sq.m.) (excluding Car Park)	Attributable Interest
Megacity Times Raolibei Road, Tongqiao Town, Zhongkai District, Huizhou, Guangdong Province, the PRC	Residential/ Commercial	55,600	100%
The Paragon No.12345, Baotong East Street, Gaoxin District, Weifang, Shandong Province, the PRC	Residential/ Commercial	75,700	100%
Lakeside Style Town Wenchang Lake Tourist Town, Zibo, Shandong Province, the PRC	Residential/ Commercial	37,600	100%
Genius Garden South of Wangshe Road, East of Beijing Road, Zibo Economic and Technological Development Zone, Shandong Province, the PRC	Residential/ Commercial	57,500	100%
Maple Palace Junction of Zhengtong Road and Xueyuan Road, Lunan District, Tangshan, Hebei Province, the PRC	Residential/ Commercial	45,300	100%
Uni Huizhan Street, Fengman District, Jilin, Jilin Province, the PRC	Commercial	24,300	100%
Glorioushire North of Wenhui Road, Fengman District, Jilin, Jilin Province, the PRC	Residential/ Commercial	56,400	100%

Particulars of Major Properties & Property Interests

(D) PROPERTY HELD UNDER JOINT VENTURE

(I) PROPERTY HELD FOR INVESTMENT

Name/Location	Category	Approximate GFA (sq.m.)	Attributable Interest	Lease Term
China Overseas Jinhe Information Technology Park No. 10, Lane 198, Zhangheng Road, Shanghai Zhangjiang Hi-tech Park, Pudong District, Shanghai, the PRC	Office	16,381	65%	Medium

(II) PROPERTIES UNDER DEVELOPMENT

Name/Location	Category	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Jinmao Palace North of Zhoushanhe Road, East of Hailingnan Road, Gaoxin District, Taizhou, Jiangsu Province, the PRC	Residential/ Commercial	36,700	75,400	24.75%	Superstructure in progress	2021.03	1st half of 2026
We Love City No.1, Zhongjin, Haitou Street, Xiashan District, Zhanjiang, Guangdong Province, the PRC	Residential/ Commercial	7,900	32,200	50%	Superstructure in progress	2021.05	1st half of 2026
Glorious City No.7, Jichang Road, Xiashan District, Zhanjiang, Guangdong Province, the PRC	Residential/ Commercial	60,500	174,900	50%	Superstructure in progress	2023.10	2nd half of 2027

Particulars of Major Properties & Property Interests

(D) PROPERTY HELD UNDER JOINT VENTURE (CONTINUED)

(III) COMPLETED PROPERTIES HELD FOR SALE/OCCUPATION

Name/Location	Category	Approximate Contracted area (sq.m.) (excluding Car Park)	Attributable Interest
Jinmao Palace North of Zhoushanhe Road, East of Hailingnan Road, Gaoxin District, Taizhou, Jiangsu Province, the PRC	Residential/ Commercial	51,300	24.75%

(E) PROPERTY HELD UNDER ASSOCIATE

(I) PROPERTIES UNDER DEVELOPMENT

Name/Location	Category	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion	Commencement Date	Estimated Completion Date
Jade Park East of Binhe Road, Zichuan District, Zibo, Shandong Province, the PRC	Residential/ Commercial	82,200	260,300	49%	Superstructure in progress	2022.06	1st half of 2028
Mount And Lake (previously named "Guan Shan Li") Intersection of Sakura Road and Acalamus Road, Feixi County, Hefei, Anhui Province, the PRC	Residential	28,200	101,600	40%	Superstructure in progress	2023.08	2nd half of 2027
Palace of light South of Yandu Road, West of Kaichuang Road, Yandu District, Yancheng, Jiangsu Province, the PRC	Residential/ Commercial	45,000	178,800	33%	Superstructure in progress	2024.03	1st half of 2028

Particulars of Major Properties & Property Interests

(E) PROPERTY HELD UNDER ASSOCIATE

(II) LAND HELD FOR FUTURE DEVELOPMENT

Name/Location	Intended Usage	Approximate Total Site Area (sq.m.)	Approximate GFA (sq.m.)	Attributable Interest	Stage of Completion
Sagacity Mansion South of Taihu Road, East of Zhugang Road, Baohe District, Hefei, Anhui Province, the PRC	Residential	15,200	42,900	39%	Land under development
Baohe District Project #4 South of Taihu Road, East of Zhugang Road, Baohe District, Hefei, Anhui Province, The PRC	Residential	48,400	128,300	39%	Land under development

(III) COMPLETED PROPERTIES HELD FOR SALE/OCCUPATION

Name/Location	Category	Approximate Contracted area (sq.m.) (excluding Car Park)	Attributable Interest
Jade Park East of Binhe Road, Zichuan District, Zibo, Shandong Province, the PRC	Residential/Commercial	35,100	49%

Glossary

Board	the board of Directors
CEO	the chief executive officer of the Company
CG Code	Corporate Governance Code in Appendix C1 to the Listing Rules
Chinese Mainland, Mainland, PRC	People's Republic of China, but for the purpose of this annual report, excluding Hong Kong, Macau and Taiwan
COHL	China Overseas Holdings Limited, a company incorporated in Hong Kong with limited liability and the holding company of COLI
COLI	China Overseas Land & Investment Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 688), which holds approximately 39.63% of the issued share capital of the Company as at the date of this annual report
COLI Group	COLI and its subsidiaries from time to time
Companies Ordinance	Companies Ordinance, Chapter 622 of the Laws of Hong Kong
Company	China Overseas Grand Oceans Group Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 81)
Company Secretary	the company secretary of the Company
COPH	China Overseas Property Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 2669), being a subsidiary of COHL
COPH Group	COPH and its subsidiaries from time to time
CSC	China State Construction International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 3311), being a subsidiary of COHL
CSC Group	CSC and its subsidiaries (excluding listed subsidiary(ies)) from time to time
CSCD	China State Construction Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 830), being a subsidiary of CSC
CSCD Group	CSCD and its subsidiaries from time to time

Glossary

CSCEC	中國建築集團有限公司 (China State Construction Engineering Corporation), a state-owned corporation organised and existing under the laws of the PRC, which is the holding company of CSCECL
CSCECL	中國建築股份有限公司 (China State Construction Engineering Corporation Limited), a joint stock company incorporated in the PRC which is an intermediate holding company of COLI
CSCECL Group	CSCECL and its subsidiaries (excluding COHL, COLI, CSC, CSCD, COPH and their respective subsidiaries) from time to time
Director(s)	the director(s) of the Company
GFA	gross floor area
Group	the Company and its subsidiaries from time to time
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Macau	the Macao Special Administrative Region of the PRC
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
SFO	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
Share(s)	the ordinary share(s) of the Company
Shareholder(s)	the shareholder(s) of the Company, from time to time
sq.m.	square meter
Stock Exchange	The Stock Exchange of Hong Kong Limited
%	per cent.

Note: This section is not applicable to the section "Independent Auditor's Report" and the consolidated financial statements of the Group in this annual report.

* English or Chinese translations are for identification only (as the case may be).

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