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*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities. This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States or any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the securities are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act. This announcement and the information contained herein are not for distribution, directly or indirectly, in or into the United States. No public offer of the securities referred to herein is being or will be made in the United States.*

***This announcement and the listing document referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever.** For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the issuer for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*

China Overseas Finance (Cayman) VIII Limited
(incorporated in the Cayman Islands with limited liability)
(as Issuer)

U.S.$4,000,000,000 Guaranteed Medium Term Note Programme
(the **"Programme"**)

unconditionally and irrevocably guaranteed by

中國海外發展有限公司
CHINA OVERSEAS LAND & INVESTMENT LTD.

China Overseas Land & Investment Limited
中國海外發展有限公司
(incorporated in Hong Kong with limited liability)
(Stock Code: 688)

PUBLICATION OF OFFERING CIRCULAR

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (the "**Listing Rules**").

Please refer to the Offering Circular dated 30 June 2026 (the "**Offering Circular**") appended herein in relation to the Programme. As disclosed in the Offering Circular, the notes to be issued under the Programme are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) ("**Professional Investors**") only and the Programme have been and the notes to be issued under the Programme (to the extent such notes are to be listed on the Hong Kong Stock Exchange) will be listed on the Hong Kong Stock Exchange on that basis.

Notice to Hong Kong Investors: Each of China Overseas Finance (Cayman) VIII Limited (the "**Issuer**") and China Overseas Land & Investment Limited 中國海外發展有限公司 (the "**Guarantor**") confirms that the notes to be issued under the Programme are intended for purchase by Professional Investors only and the Programme have been and the notes to be issued under the Programme (to the extent such notes are to be listed on the Hong Kong Stock Exchange) will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, each of the Issuer and the Guarantor confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

The Offering Circular must not be regarded as an inducement to subscribe for or purchase any securities of the Issuer and the Guarantor, and no such inducement is intended.

By order of the Board of
China Overseas Finance (Cayman) VIII Limited
Guo Guanghui
Director

Hong Kong, 2 July 2026

As at the date of this announcement, the board of directors of the Guarantor comprises eight directors: Mr. Yan Jianguo (Chairman), Mr. Zhang Zhichao (Chief Executive Officer) and Mr. Guo Guanghui (Vice President) are the executive directors; Mr. Zhuang Yong (Vice Chairman) and Mr. Ma Yao are the non-executive directors; and Mr. Li Man Kiu, Adrian David, Professor Chan Ka Keung, Ceajer and Dr. Chan Ching Har, Eliza are the independent non-executive directors of the Guarantor. As at the date of this announcement, the directors of the Issuer are Mr. Luo Liang, Mr. Zhang Zhichao and Mr. Guo Guanghui.

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES OR IN CONTRAVENTION OF SUCH OTHER RESTRICTIONS AS MAY BE SPECIFIED IN THE APPLICABLE PRICING SUPPLEMENT

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

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Confirmation of your Representation: The Offering Circular is being sent at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person.

The materials relating to the offering of securities to which the Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer (as defined in the Offering Circular) in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of BOCI Asia Limited, CLSA Limited and DBS Bank Ltd. (the "**Joint Arrangers**"), the Dealers (as defined in the Offering Circular), or any director, officer, employee or agent of the Joint Arrangers or any of the Dealers, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Arrangers and the Dealers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

OFFERING CIRCULAR

China Overseas Finance (Cayman) VIII Limited

(incorporated in the Cayman Islands with limited liability)

(as Issuer)

unconditionally and irrevocably guaranteed by



中國海外發展有限公司
CHINA OVERSEAS LAND & INVESTMENT LTD.

China Overseas Land & Investment Limited
中國海外發展有限公司

(incorporated in Hong Kong with limited liability)

(as Guarantor)

U.S.$4,000,000,000
Guaranteed Medium Term Note Programme

Under the U.S.$4,000,000,000 Guaranteed Medium Term Note Programme described in this Offering Circular (the "**Programme**"), China Overseas Finance (Cayman) VIII Limited (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes (the "**Notes**"). The Notes issued under the Programme will be unsecured and unsubordinated obligations of the Issuer and will be unconditionally and irrevocably guaranteed (the "**Guarantee**") by China Overseas Land & Investment Limited 中國海外發展有限公司 (the "**Guarantor**"). The Guarantor's shares are listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"). The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.$4,000,000,000 (or its equivalent in other currencies), subject to increase as described herein.

Where applicable for a relevant Tranche of Notes issued under the Administrative Measures for the Review and Registration of Medium- and Long- Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第 56 號)) ("**Order 56**") promulgated by the National Development and Reform Commission of the PRC (the "**NDRC**") and which became effective on 10 February 2023, registration will be completed by the Guarantor's controlling entity in the PRC pursuant to Order 56, and any implementation rules, regulations, certificates, circulars or notices in connection therewith as issued by the NDRC from time to time. After the issuance of such relevant Tranche of Notes, the Guarantor undertakes to cause the requisite information on the issuance of such Notes to be provided to the NDRC as soon as practicable but in any event within the prescribed timeframe in accordance with Order 56.

Application has been made to the Hong Kong Stock Exchange for the listing of the Programme by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange. This Offering Circular is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer and the Guarantor confirm that the Notes to be issued under the Programme are intended for purchase by Professional Investors only and that the Programme and the Notes (to the extent they are to be listed on the Hong Kong Stock Exchange) will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Programme or the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Issuer, the Guarantor, the Group (as defined below) or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Notice of the aggregate nominal amount of the Notes, interest (if any) payable in respect of the Notes, the issue price of the Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under the "*Summary of the Programme*") of the Notes will be set out in a Pricing Supplement which, with respect to the Notes to be listed on the Hong Kong Stock Exchange, will be delivered to the Hong Kong Stock Exchange, on or before the date of issue of the Notes of such Tranche.

The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange or any other stock exchange.

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state of the United States and may not be offered or sold or, in case of Bearer Notes, delivered in the United States or, in case of Regulation S (as defined below) Category 2 offering, to or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption from the registration requirements of the Securities Act. There will be no public offer of securities in the United States. The Notes are being offered outside the United States in reliance on Regulation S. Bearer Notes are subject to U.S. tax law requirements. See "*Subscription and Sale*".

The Notes of each Series issued in bearer form ("**Bearer Notes**") will be represented on issue by a temporary global note in bearer form (each a "**Temporary Global Note**") or a permanent global note in bearer form (each a "**Permanent Global Note**") (collectively, the "**Global Notes**"). Notes in registered form ("**Registered Notes**") will be represented by a global note in registered form (each a "**Global Certificate**"). Global Notes and Global Certificates may be deposited on the relevant issue date with a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream**"), or with a sub-custodian for the Central Moneymarkets Unit Service (the "**CMU**") operated by the Hong Kong Monetary Authority. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "*Summary of Provisions Relating to the Notes while in Global Form*".

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Summary of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

The Programme is expected to be rated "A-" by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. ("**S&P**") and "A-" by Fitch Ratings Ltd ("**Fitch**"). Each of S&P and Fitch is a licensed corporation under the SFO to conduct type 10 (providing credit rating services) regulated activities as defined under the SFO. Tranches of Notes (as defined under the "*Summary of the Programme*") to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency. Neither the Issuer nor the Guarantor is obliged to inform investors if the Programme is rated by any other rating agencies or if any rating for the Programme or any Tranche of Notes is lowered or withdrawn.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Offering Circular.

Joint Arrangers

BOC International **CITIC Securities** **DBS Bank Ltd.**

The date of this Offering Circular is 30 June 2026

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NOTICE TO INVESTORS

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Issuer and the Guarantor, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and the Guarantor and its subsidiaries taken as a whole (the "**Group**"), the Notes and the Guarantee, which is material in the context of the issue and offering of the Notes and the information which, according to the particular nature of the Group, of the Notes and of the Guarantee, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, Guarantor and of the rights attaching to the Notes and the Guarantee, (ii) the statements contained in this Offering Circular are in every material respect true and accurate and not misleading, (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iv) there are no other facts in relation to the Issuer, the Guarantor, the Group, the Notes or the Guarantee the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect, and (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain the facts in relation to the Issuer, the Guarantor and the Group and to verify the accuracy of all such information and statements.

Each Tranche (as defined in "*Summary of the Programme*") of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" as amended and/or supplemented by a document specific to such Tranche called a pricing supplement (the "**Pricing Supplement**"). This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed together with the relevant Pricing Supplement. This Offering Circular shall be read and construed on the basis that such documents are incorporated in and form part of this Offering Circular.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, the Joint Arrangers, the Dealers, the Trustee (as defined in the Terms and Conditions of the Notes) and the Agents (as defined in the Terms and Conditions of the Notes) (and each of their respective affiliates, directors, officers, employees, representatives, advisers and agents and each person who controls any of them) to inform themselves about and to observe any such restrictions. None of the Issuer, the Guarantor, the Joint Arrangers, the Dealers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them) represents that this Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action is being taken to permit a public offering of the Notes or the distribution of this Offering Circular or any Pricing Supplement in any jurisdiction where action would be required for such purposes. Accordingly, no Notes may be offered or sold, directly or indirectly, and none of this Offering Circular, any Pricing Supplement or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

There are restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Notes and distribution of this Offering Circular and any Pricing Supplement, see "*Subscription and Sale*".

Listing of the Programme or the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Programme, the Notes, the Issuer or the Guarantor or quality of disclosure in this Offering Circular. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor and the terms of the offering, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

No person has been or is authorised by the Issuer or the Guarantor to give any information or to make any representation other than those contained in this Offering Circular or any other document entered into in relation to the Programme and the sale of Notes and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Joint Arrangers, any Dealer, the Trustee or any Agent (or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them). Neither the delivery of this Offering Circular or any Pricing Supplement nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the Group or any of them since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or create any implication that the information contained herein is correct as at any date subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Joint Arrangers, the Dealers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them) to subscribe for or purchase any Notes and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

The Joint Arrangers, the Dealers, the Trustee and the Agents (and each of their respective affiliates, directors, officers, employees, representatives, advisers and agents and each person who controls any of them) have not independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete. Accordingly, no representation or warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted by the Joint Arrangers, the Dealers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them) as to the accuracy, completeness or sufficiency of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer and the Guarantor in connection with the Programme, and nothing contained or incorporated in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Arrangers, the Dealers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them). Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Guarantor, the Joint Arrangers, any of the Dealers, the Trustee or any of the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them) that any recipient of this Offering Circular should purchase any Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

Singapore SFA Product Classification – In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and are Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

IMPORTANT – EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European

Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

IMPORTANT – UK RETAIL INVESTORS – The Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024. Consequently no disclosure document required by the FCA Product Disclosure Sourcebook ("**DISC**"), for offering, selling or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Notes or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.

MiFID II product governance / target market – The Pricing Supplement in respect of any Notes may include a legend entitled "*MiFID II Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance / target market – The Pricing Supplement in respect of any Notes may include a legend entitled "*UK MiFIR Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

THE NOTES AND THE GUARANTEE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER NOTES, DELIVERED WITHIN THE UNITED STATES OR, IN CASE OF REGULATION S CATEGORY 2 OFFERING, TO, OR FOR THE ACCOUNT OR

BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S OR THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND REGULATIONS THEREUNDER IN CASE OF BEARER NOTES).

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISATION COORDINATOR(S) (OR ANY PERSON(S) ACTING FOR IT) (THE "STABILISATION COORDINATOR(S)") IN THE APPLICABLE PRICING SUPPLEMENT MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED TIME. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors: Prospective investors should be aware that certain intermediaries in the context of certain offerings of Notes pursuant to this Programme, each such offering, a "**CMI Offering**", including certain Dealers, may be "capital market intermediaries" (together, the "**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors.

Certain CMIs may also be acting as "overall coordinators" (together, the "**OCs**") for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an association (an "**Association**") with the Issuer, the Guarantor, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Guarantor, or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by the Issuer, the Guarantor, to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the relevant CMI Offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate. Details of any such rebate will be set out in the applicable Pricing Supplement or otherwise notified to prospective investors. If a prospective investor is an asset management arm affiliated with any relevant Dealer, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Dealer or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any relevant Dealer, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Dealer when placing such order. Prospective investors who do not indicate

this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Dealer and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

The Issuer and the Guarantor have prepared this Offering Circular using a number of conventions, which you should consider when reading the information contained herein. The term the "**Issuer**" is referring to China Overseas Finance (Cayman) VIII Limited. The terms the "**Guarantor**" or the "**Group**" and words of similar import are referring to China Overseas Land & Investment Limited 中國海外發展有限公司 itself, or to China Overseas Land & Investment Limited 中國海外發展有限公司 and its consolidated subsidiaries, as the context requires.

Unless otherwise specified or the context requires, all references herein to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China, to "**Macau**" are to the Macau Special Administrative Region of the People's Republic of China, to "**China**" or the "**Chinese Mainland**" or the "**PRC**" are to the People's Republic of China and for the purpose of this Offering Circular only, excluding Hong Kong, Macau and Taiwan; all references to the "**United States**" and "**U.S.**" are to the United States of America; and all references to "**Hong Kong dollars**", "**HK dollars**" and "**HK$**" are to the lawful currency of Hong Kong, to "**U.S. dollars**", "**US dollars**", "**U.S.$**" or "**US$**" are to the lawful currency of the United States of America, to "**Renminbi**", "**RMB**" or "**CNY**" are to the lawful currency of the PRC, to "**sterling**" or "**British Pound**" or "**£**" are to the lawful currency of the United Kingdom, and to "**euro**" or "**€**"are to the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty establishing the European Community, as amended from time to time.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although this information is believed to be reliable, it has not been independently verified by the Issuer, the Guarantor, the Joint Arrangers, any Dealer, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them), and none of the Issuer, the Guarantor, the Joint Arrangers, any Dealer, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them) make any representation as to the accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside the PRC. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only.

Unless otherwise indicated, in this Offering Circular:

"**CBRC**"	refers to China Banking Regulatory Commission.
"**COGO**"	refers to China Overseas Grand Oceans Group Limited 中國海外宏洋集團有限公司, a 39.63 per cent.-owned associate of the Guarantor.
"**COHL**"	refers to China Overseas Holdings Limited 中國海外集團有限公司.
"**CSCEC**"	refers to China State Construction Engineering Corporation 中國建築集團有限公司 (formerly known as 中國建築工程總公司).
"**CSCECL**"	refers to China State Construction Engineering Corporation Limited 中國建築股份有限公司.
"**CSRC**"	refers to China Securities Regulatory Commission.
"**GFA**"	refers to gross floor area.

"**HKFRS Accounting Standards**"	refers to refers to Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.
"**Hua Yi**"	refers to Hua Yi Designing Consultants Limited, a subsidiary of the Group.
"**IFRS**"	refers to International Financial Reporting Standards issued by the International Accounting Standards Board.
"**PBOC**"	refers to the People's Bank of China.
"**SFO**"	refers to the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time.

PRESENTATION OF FINANCIAL INFORMATION

FINANCIAL DATA

The Guarantor's consolidated financial statements are prepared in accordance with HKFRS Accounting Standards, which differ in certain respects from generally accepted accounting principles in other countries, including IFRS, which differences might be material to the financial information presented herein. Potential investors should consult their own professional advisers for an understanding of the difference between HKFRS Accounting Standards, IFRS and accounting principles in certain other jurisdictions, and how those differences might affect the financial information presented herein. In making an investment decision, investors must rely upon their own independent examination of the Issuer, the Guarantor, the Group, the Notes, the terms of this offering and the Guarantor's recent financial information.

Unless specified or the context otherwise requires, all financial information in this Offering Circular is presented on a consolidated basis. Unless otherwise indicated, the historical financial information included in this Offering Circular has been derived from the Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2024 and 2025. Unless the context otherwise requires, references to "**2023**", "**2024**" and "**2025**" in this Offering Circular are to the Group's financial years ended 31 December 2023, 2024 and 2025, respectively.

EXCHANGE RATE INFORMATION

This Offering Circular contains a translation of certain Renminbi amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise specified, where financial information in relation to the Issuer or the Guarantor has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB6.9931 per U.S.$1.00, which was the noon buying rate as certified for customs purposes by the weekly statistical release of the Federal Reserve Board for Renminbi on 31 December 2025. No representation is made that the Renminbi amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all.

ROUNDING

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items, and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

NON-GAAP FINANCIAL MEASURES

This Offering Circular contains certain information regarding the Group's Adjusted EBITDA. Adjusted EBITDA for any period consists of profit for the year before interest expense and other finance costs, taxes, depreciation and amortisation, excluding capitalised finance costs and exchange losses within cost of stock of properties recognised as expenses, changes in fair value of investment properties, net, gain (loss) on disposals of property, plant and equipment, net, gain on disposal of subsidiaries, re-measurement gains on pre-existing interest in an associate upon acquisition, gains on bargain purchase of subsidiaries, impairment losses on stock of properties, impairment losses on amount due from associates and joint ventures, share of profits (losses) of associates and joint ventures, changes in fair value of financial assets at fair value through profit or loss, net, and net foreign exchange gains (losses). Adjusted EBITDA is not a standard measure under HKFRS Accounting Standards. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. Adjusted EBITDA should not be considered in isolation or construed as an alternative to cash flows, profit for the year or any other measure of financial performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating Adjusted EBITDA, investors should consider, among other things, the components of Adjusted EBITDA such as revenue and operating expenses and the amount by which Adjusted EBITDA exceeds capital expenditures and other charges. The Group has included Adjusted EBITDA because the Group believes that it is a useful supplement to cash flow data as a measure of the Group's performance and its ability to generate cash flow from operations to cover debt service and taxes. Adjusted EBITDA presented herein may not be comparable to

similarly titled measures presented by other companies. Investors should not compare the Group's Adjusted EBITDA to EBITDA presented by other companies because not all companies use the same definition.

INFORMATION INCORPORATED BY REFERENCE AND FINANCIAL INFORMATION

This Offering Circular should be read and construed in conjunction with:

(i) each relevant Pricing Supplement;

(ii) all amendments and supplements from time to time to this Offering Circular;

(iii) any audited annual financial statements of the Issuer that are published subsequent to the date of this Offering Circular as amended and supplemented from time to time; and

(iv) any audited annual financial statements of the Guarantor that are published subsequent to the date of this Offering Circular as amended and supplemented from time to time,

which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular.

The Guarantor prepares its consolidated financial statements in accordance with HKFRS Accounting Standards. The Guarantor's consolidated financial statements as at and for the years ended 31 December 2024 and 2025 which are included elsewhere in this Offering Circular were audited by Ernst & Young as stated in its audit report appearing elsewhere in this Offering Circular.

Any statement contained in this Offering Circular or in a document incorporated by reference into this Offering Circular will be deemed to be modified or superseded for purposes of this Offering Circular to the extent that a statement contained in any such subsequent document modifies or supersedes that statement. Any statement that is modified or superseded in this manner will no longer be a part of this Offering Circular, except as modified or superseded.

SUPPLEMENTAL OFFERING CIRCULAR

The Issuer and the Guarantor have given an undertaking to the Dealers that in the event of (i) a significant new factor, material mistake or material inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of the Notes arising or being noted, (ii) a change in the condition of the Issuer or the Guarantor which is material in the context of the Programme or the issue of any Notes or (iii) this Offering Circular otherwise coming to contain an untrue statement of a material fact or omitting to state a material fact necessary to make the statements contained therein not misleading or if it is necessary at any time to amend this Offering Circular to comply with, or reflect changes in, the laws or regulations of Hong Kong or the PRC or any other relevant jurisdiction, the Issuer and the Guarantor shall update or amend this Offering Circular (following consultation with the Dealers) by the publication of a supplement to it or a new offering circular, in each case in a form approved by the Dealers.

FORWARD-LOOKING STATEMENTS

Certain statements under "*Risk Factors*", "*The Guarantor*", "*The Group*" and elsewhere in this Offering Circular constitute "forward-looking statements". The words including "believe", "expect", "plan", "anticipate", "schedule", "estimate", "may", "will", "would", "could", "aim", "intend", "project", "potential", "future", "seek", "should" and similar words or expressions identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial position, business strategy, prospects, capital expenditure and investment plans of the Group and the plans and objectives of the Group's management for its future operations (including development plans and objectives relating to the Group's operations), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Group to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Each of the Issuer and the Guarantor expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer's or the Guarantor's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under "*Risk Factors*" and elsewhere, important factors that could cause actual results to differ materially from the Issuer's or the Guarantor's expectations. All subsequent written and forward-looking statements attributable to the Issuer or the Guarantor or persons acting on behalf of the Issuer or the Guarantor are expressly qualified in their entirety by such cautionary statements.

SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Offering Circular. This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of this Offering Circular as a whole, including any information incorporated by reference. Phrases used in this summary and not otherwise defined shall have the meanings given to them in the section entitled "Terms and Conditions of the Notes".

Issuer	China Overseas Finance (Cayman) VIII Limited.
Guarantor	China Overseas Land & Investment Limited 中國海外發展有限公司.
Description	Guaranteed Medium Term Note Programme.
Size	Up to U.S.$4,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer and the Guarantor may increase the aggregate nominal amount of the Programme in accordance with the terms of the Programme Agreement.
Risk Factors	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer and the Guarantor to fulfil their respective obligations in respect of the Notes are discussed under "*Risk Factors*".
Arrangers	BOCI Asia Limited, CLSA Limited and DBS Bank Ltd.
Dealers	The Issuer and the Guarantor may from time to time terminate the appointment of any dealer under the Programme or appoint Dealer(s) either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to "**Dealers**" are to all persons appointed as a dealer in respect of one or more Tranches or the Programme.
Trustee	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Principal Paying Agent, Transfer Agent and (if appointed) Calculation Agent in respect of Notes cleared through Euroclear and/or Clearstream	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Registrar in respect of Notes cleared through Euroclear and/or Clearstream	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
CMU Lodging and Paying Agent, Registrar, Transfer Agent and (if appointed) Calculation Agent in respect of Notes cleared through CMU	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).

Certain Restrictions	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restriction applicable at the date of this Offering Circular. **Notes having a maturity of less than one year** Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent (see "*Subscription and Sale*").
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in Series having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest and if applicable, the timing for the notification to the NDRC and/or the issue price), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in Tranches on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the Pricing Supplement.
Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes (as defined in "*Terms and Conditions of the Notes*") may be issued, the issue price of which will be payable in two or more instalments.
Form of Notes	Notes may be issued in bearer or registered form as described in "*Terms and Conditions of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and vice versa. Each Tranche of Bearer Notes will initially be in the form of either a temporary bearer Global Note or a permanent bearer Global Note, in each case as specified in the relevant Pricing Supplement. Each Global Note will be deposited on or around the relevant issue date with a common depositary or sub-custodian, as the case may be, for (i) Clearstream or Euroclear; (ii) the CMU, and/or (iii) any other relevant clearing system. Each Temporary

	Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Pricing Supplement, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Pricing Supplement as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons. Registered Notes will initially be represented by Global Certificates. Global Certificates representing Registered Notes will be registered in the name of a common depositary or nominee for one or more of Euroclear, Clearstream and the CMU.
Clearing Systems	Clearstream, Euroclear, the CMU and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Guarantor, the Principal Paying Agent, the Trustee, (if applicable) the Registrar and the relevant Dealer(s).
Initial Delivery of Notes	On or before the issue date for each Tranche, the Global Note representing the Notes may be deposited with a common depositary for Euroclear and Clearstream or deposited with a sub-custodian for the Hong Kong Monetary Authority as operator of the CMU. Global Notes may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Guarantor, the Trustee, the Principal Paying Agent and the relevant Dealer(s). Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of a nominee or a common nominee for, such clearing systems.
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, the Guarantor, the Principal Paying Agent and the relevant Dealer(s).
Maturities	Subject to compliance with all relevant laws, regulations and directives, any maturity as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s).
Specified Denomination	Notes will be issued in such denominations as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s) save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the central banks (or equivalent body) or any laws or regulations applicable to the relevant currency (see "— *Certain Restrictions*" above).

Fixed Rate Notes	Fixed interest will be payable in arrear on such date or dates as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s).
Floating Rate Notes	Floating Rate Notes will bear interest determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions or the 2021 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (ii) by reference to EURIBOR, HIBOR or CNH HIBOR (or such other interbank offered rate benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin; or (iii) by reference to a risk free reference rate as specified in the relevant Pricing Supplement as adjusted for any applicable margin; or (iv) on such other basis as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s). Interest periods will be specified in the relevant Pricing Supplement.
Benchmark Discontinuation	Fallback provisions might be specified in the relevant Pricing Supplement together with relevant risk factors, in case of the discontinuation of certain benchmarks, or changes in the manner of administration of any benchmarks.
Zero Coupon Notes	Zero Coupon Notes (as defined in "*Terms and Conditions of the Notes*") may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes (as defined in "*Terms and Conditions of the Notes*") will be made in such currencies, and based on such rates of exchange, as the Issuer, the Guarantor and the relevant Dealer(s) may agree and as may be specified in the relevant Pricing Supplement.
Index Linked Notes	Payments of interest in respect of Index Linked Interest Notes (as defined in "*Terms and Conditions of the Notes*") will be calculated by reference to such index and/or formula or to

	changes in prices of securities or commodities or to such other factors as the Issuer, the Guarantor and the relevant Dealer(s) may agree and as may be specified in the relevant Pricing Supplement.
Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.
Redemption	The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default (as defined in "*Terms and Conditions of the Notes*")) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s). The applicable Pricing Supplement may provide that the relevant Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement. Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see "*— Certain Restrictions — Notes having a maturity of less than one year*" above.
Optional Redemption	If Issuer Call (including make-whole call), Issuer Par Call or Noteholder Put Option is specified in the relevant Pricing Supplement, the Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) or the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement.
Redemption for Change of Control	The terms of the Notes allow for the election in the Pricing Supplement for the early redemption of the Notes at the option of the holders thereof upon the occurrence of a Change of Control as further described in Condition 6(d) of the Terms and Conditions of the Notes.
Redemption for Taxation Reasons	Redemption for Taxation Reasons Notes will be redeemable at the Issuer's option prior to maturity for tax reasons as further described in Condition 6(c) of the Terms and Conditions of the Notes.

Status of Notes	The Notes, the Receipts and the Coupons will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) of the Terms and Conditions of the Notes) unsecured obligations of the Issuer and will rank at all times pari passu and without any preference among themselves. The payment obligations of the Issuer under the Notes, the Receipts and the Coupons shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the Notes, at all times rank at least equally with all other present and future unsecured and unsubordinated indebtedness and monetary obligations of the Issuer.
Status of the Guarantee	The payment obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable laws and subject to Condition 4(a) of the Terms and Conditions of the Notes, at all times rank at least equally with all other present and future unsecured and unsubordinated indebtedness and monetary obligations of the Guarantor.
Negative Pledge	The Notes will contain a negative pledge provision as further described in Condition 4(a) of the Terms and Conditions of the Notes.
Covenant to Notify NDRC	The Terms and Conditions of the Notes will contain a provision as described in Condition 4(b) of the Terms and Conditions of the Notes.
Events of Default	The Terms and Conditions of the Notes will contain certain events of defaults as described in Condition 10 of the Terms and Conditions of the Notes.
Cross-Default	The Terms and Conditions of the Notes will contain a cross-default provision as described in Condition 10(c) of the Terms and Conditions of the Notes.
Withholding Tax	All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes will be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within any of the Relevant Jurisdictions (as defined in "*Terms and Conditions of the Notes*") unless such withholding or deduction is required by law. In that event, the Issuer or (as the case may be) the Guarantor will, subject to certain customary exceptions, pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required. See Condition 8 of the Terms and Conditions of the Notes.

Governing Law and Jurisdiction	English law with the submission to the exclusive jurisdiction of Hong Kong courts.
Listing and Admission to Trading	Application has been made to the Hong Kong Stock Exchange for the listing of the Programme by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange. However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange or listed, traded or quoted on or by any other competent authority, exchange or quotation system. Notes listed on the Hong Kong Stock Exchange will have a denomination of at least HK$500,000 (or its equivalent in other currencies).
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA, the United Kingdom, Japan, Hong Kong, the PRC and Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "*Subscription and Sale*".
United States Selling Restriction	Regulation S, Category 1 or 2 as specified in the applicable Pricing Supplement. TEFRA C, TEFRA D or TEFRA not applicable, as specified in the applicable Pricing Supplement. "TEFRA not applicable" is only available for (i) Registered Notes or (ii) Bearer Notes with a term of 365 days or less (taking into account any unilateral rights to extend or rollover the term).
Legal Entity Identifier	The legal entity identifier of the Issuer is 300300JLMTEWBKJNL662.

SUMMARY OF THE GROUP

The summary below is only intended to provide a limited overview of detailed information described elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this Summary. Prospective investors should therefore read the entire Offering Circular, including the section entitled "Risk Factors" and the consolidated financial statements of the Guarantor and related notes thereto, before making an investment decision.

OVERVIEW

The Group is a major property developer in the Chinese Mainland. Its main sources of revenue are property development and sales in the Chinese Mainland, Hong Kong and Macau. The Group has made significant investments and has interests in property development projects in major cities in the Chinese Mainland such as Beijing, Shanghai, Guangzhou and Shenzhen. The Group also has a strong presence in other major cities such as in Tianjin, Jinan, Shenyang, Chengdu, Dalian, Xi'an, Nanjing, Hangzhou, Changchun, Qingdao and Suzhou. The property development portfolio of the Group includes property developments in the Southern Region, the Eastern Region, the Central and Western Region, and the Northern Region, covering a diverse area across the Chinese Mainland. In addition, the Group has made sizable investments in property development projects in Hong Kong and Macau. As at 31 December 2025, the Group and its joint ventures and associates (excluding COGO) had a land reserve of approximately 25.3 million square metres in GFA (with an attributable GFA of approximately 22.9 million square metres), while COGO, a 39.63 per cent.-owned associate of the Guarantor, had a land reserve of approximately 12.0 million square metres in GFA (with an attributable GFA of approximately 10.3 million square metres).

In addition to property development, the Group is also involved in commercial property operations in the Chinese Mainland, Hong Kong, Macau and London. The Group seeks investment properties for long-term appreciation and lease potential and derives rental income from its commercial property portfolio investment in the Chinese Mainland, Hong Kong, Macau and London.

The Group also runs a number of complementary operations, including material procurement and supply chain management services, provision of construction and building design consultancy services and others.

For the year ended 31 December 2025, the Guarantor's consolidated revenue and profit for the year was approximately RMB168,088.8 million (approximately U.S.$24,036.4 million) and approximately RMB13,431.5 million (approximately U.S.$1,920.7 million), respectively. As at 25 June 2026, the Guarantor had a market capitalisation of approximately HK$138 billion, which made it one of the largest PRC-focused property developers listed on the Hong Kong Stock Exchange in terms of market capitalisation as at such date. The Guarantor is also a member of the Hang Seng Index, the Hang Seng Corporate Sustainability Index Series and FTSE China 50 Index.

The Guarantor is rated "A-" by Standard & Poor's and "A–" by Fitch.

The Group is comprised of the Guarantor and over 700 subsidiaries (including PRC subsidiaries). The Issuer is a direct wholly owned subsidiary of the Guarantor.

Competitive Strengths

The Group believes that its success and its ability to capitalise on future growth opportunities are attributable to the following key competitive strengths:

- The Group is a major PRC property developer supported by the well-known national brand of "China Overseas Property" ("中海地產"), focusing on the mid- to high-end sector in the Chinese Mainland.
- The Group is well-positioned to capitalise on the growing trend of "green initiative".
- As a major state-owned developer, the Group benefits from strong support from its controlling shareholder which has fostered its long-term sustainable development.

- The Group has a proven track record in property development and in-depth local knowledge.
- The Group owns a sizable, diversified and high quality land reserve.
- The Group's operations are scalable for further expansion.
- The Group is financially strong and has flexible sources of funding.

Strategies

The Group's key business objective is to seek sustainable growth in revenue and profit by pursuing the following strategies:

- Continuing to focus on property development and commercial property operation businesses especially in the Chinese Mainland;
- Continuing to strengthen the "China Overseas Property" ("中海地產") brand nationwide;
- Focusing on the mid- to high-end property sector and expanding its market share in the Chinese Mainland property sector, particularly in first-tier and second-tier cities;
- Expanding its land reserve at a reasonable price;
- Increasing its commercial property portfolio and diversifying its income sources;
- Expanding its development through selective land acquisitions and mergers and acquisitions; and
- Maintaining prudent financial management and internal control system.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE GUARANTOR

The following table sets forth the Guarantor's summary consolidated financial information. The summary consolidated financial information as at and for the years ended 31 December 2023, 2024 and 2025 has been derived from the Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2024 and 2025, including the notes thereto, which are included elsewhere in this Offering Circular.

Please note that the U.S. dollar figures are unaudited and provided solely for the convenience of the investors.

Consolidated Income Statement

	Year ended of 31 December			
	2023	**2024**	**2025**	**2025**
	(audited) (RMB'000)	**(audited) (RMB'000)**	**(audited) (RMB'000)**	**(unaudited) (U.S.$'000)**
Revenue	202,524,069	185,154,027	168,088,765	24,036,373
Cost of sales	(161,371,266)	(152,389,366)	(142,024,310)	(20,309,206)
	41,152,803	32,764,661	26,064,455	3,727,167
Other income and gains and losses, net	1,402,848	325,508	1,285,559	183,832
Changes in fair value of investment properties, net	4,845,721	417,316	271,735	38,857
Selling and distribution expenses	(4,261,579)	(4,520,411)	(4,689,667)	(670,613)
Administrative expenses	(2,614,320)	(2,293,076)	(2,117,314)	(302,771)
Operating profit	40,525,473	26,693,998	20,814,768	2,976,472
Share of profits and losses of associates and joint ventures	1,627,309	649,049	521,842	74,622
Finance costs	(1,032,448)	(935,133)	(727,597)	(104,044)
Profit before tax	41,120,334	26,407,914	20,609,013	2,947,050
Income tax expense	(14,073,689)	(8,620,685)	(7,177,544)	(1,026,375)
Profit for the year	**27,046,645**	**17,787,229**	**13,431,469**	**1,920,675**
Attributable to:				
Shareholders of the Guarantor	25,609,837	15,635,658	12,691,186	1,814,815
Non-controlling interests	1,436,808	2,151,571	740,283	105,860

Consolidated Statement of Financial Position

	As at 31 December			
	2023	**2024**	**2025**	**2025**
	(audited) (RMB'000)	**(audited) (RMB'000)**	**(audited) (RMB'000)**	**(unaudited) (U.S.$'000)**
Non-current assets				
Property, plant and equipment	6,903,790	7,300,730	7,138,182	1,020,746
Investment properties	207,746,168	208,399,049	205,836,298	29,434,199
Goodwill	56,395	56,395	56,395	8,064
Interests in associates	23,182,151	22,066,963	21,452,391	3,067,651
Interests in joint ventures	23,120,012	23,830,115	27,936,775	3,994,905
Financial assets at fair value through profit or loss	218,173	288,382	236,327	33,794
Other receivables	212,050	183,898	147,024	21,024
Deferred tax assets	7,513,453	7,324,894	7,269,960	1,039,590
Total non-current assets	**268,952,192**	**269,450,426**	**270,073,352**	**38,619,973**
Current assets				
Stock of properties and other inventories	487,640,804	454,274,446	490,999,739	70,212,028
Land development expenditure	8,604,923	5,961,031	4,472,593	639,572
Contract assets	993,541	547,451	109,074	15,597
Trade and other receivables	6,987,106	3,406,070	4,064,547	581,222
Deposits and prepayments	12,467,286	15,611,399	11,758,078	1,681,382
Deposits for acquisition of land use rights for property development	204,520	731,860	-	-
Amounts due from associates	1,717,436	1,060,527	1,068,844	152,842
Amounts due from joint ventures	8,766,323	6,202,514	5,167,858	738,993
Amounts due from non-controlling shareholders	3,949,904	4,151,856	4,660,276	666,410
Income tax prepaid	17,691,023	20,523,344	19,695,467	2,816,414
Bank balances and cash	105,629,033	124,168,228	103,627,513	14,818,537
Non-current assets held for sale	–	2,545,229	–	–
Total current assets	**654,651,899**	**639,183,955**	**645,623,989**	**92,322,997**
Total assets	**923,604,091**	**908,634,381**	**915,697,341**	**130,942,970**

	As at 31 December			
	2023	2024	2025	2025
	(audited) (RMB'000)	(audited) (RMB'000)	(audited) (RMB'000)	(unaudited) (U.S.$'000)
Non-current liabilities				
Bank loans	144,139,899	149,523,384	142,193,678	20,333,425
Guaranteed notes and corporate bonds	72,555,955	63,450,630	62,865,628	8,989,665
Lease liabilities	960,434	865,453	237,781	34,002
Deferred tax liabilities	27,335,578	27,733,296	27,911,826	3,991,338
Total non-current liabilities	**244,991,866**	**241,572,763**	**233,208,913**	**33,348,430**
Current liabilities				
Trade and other payables	85,684,211	55,600,731	52,191,364	7,463,265
Pre-sales proceeds	108,619,041	132,542,750	125,033,296	17,879,523
Amounts due to fellow subsidiaries and a related company	2,565,938	1,475,199	1,316,327	188,232
Amounts due to associates	4,228,149	5,486,399	3,481,226	497,808
Amounts due to joint ventures	4,024,969	3,838,405	3,849,615	550,487
Amounts due to non-controlling shareholders	8,648,674	13,717,430	13,149,337	1,880,330
Bank loans	21,157,995	16,633,612	30,726,935	4,393,893
Guaranteed notes and corporate bonds	19,810,287	11,956,352	11,589,193	1,657,232
Lease liabilities	94,230	117,756	93,170	13,323
Income tax liabilities	30,867,023	23,862,986	21,158,803	3,025,668
Total current liabilities	**285,700,517**	**265,231,620**	**262,589,266**	**37,549,761**
Total liabilities	**530,692,383**	**506,804,383**	**495,798,179**	**70,898,181**
Net Assets	**392,911,708**	**401,829,998**	**419,899,162**	**60,044,779**
Equity				
Share capital	74,035,443	74,035,443	74,035,443	10,586,927
Reserves	298,982,385	306,575,534	313,912,343	44,888,866
Equity attributable to shareholders of the Guarantor	373,017,828	380,610,977	387,947,786	55,475,793
Non-controlling interests	19,893,880	21,219,021	31,951,376	4,568,986
Total equity	**392,911,708**	**401,829,998**	**419,899,162**	**60,044,779**

Summary Consolidated Statement of Cash Flows

	Year ended 31 December			
	2023	2024	2025	2025
	(audited) (RMB'000)	(audited) (RMB'000)	(audited) (RMB'000)	(unaudited) (U.S.$'000)
Net cash flows from operating activities	35,279,337	46,453,940	16,733,455	2,392,852
Net cash flows (used in)/from investing activities	(4,771,356)	1,841,835	(10,265,222)	(1,467,907)
Net cash flows used in financing activities….	(35,018,289)	(29,797,430)	(26,864,698)	(3,841,600)
Net (decrease)increase in cash and cash equivalents	(4,510,308)	18,498,345	(20,396,465)	(2,916,655)
Effect of foreign exchange rate changes, net…	145,310	49,847	(95,125)	(13,603)
Cash and cash equivalents at end of year	105,344,021	123,892,213	103,400,623	14,786,092

Other Financial Data

	As at and for the year ended 31 December			
	2023	2024	2025	2025
	(RMB'000, except margin and ratio data)			(U.S.$'000 , except margin and ratio data)
Adjusted EBITDA[(1)]	46,772,170	37,054,335	29,298,200	4,189,587
Adjusted EBITDA margin (per cent.)[(2)]	23.1	20.0	17.4	17.4
Net debt to equity ratio (per cent.)[(3)]	38.7	29.2	34.2	34.2

Notes:

(1) Adjusted EBITDA for any year consists of profit for the year before interest expense and other finance costs, taxes, depreciation and amortisation, excluding capitalised finance costs and exchange losses within cost of stock of properties recognised as expenses, changes in fair value of investment properties, net, gain (loss) on disposals of property, plant and equipment, net, gain on disposal of subsidiaries, re-measurement gains on pre-existing interest in an associate upon acquisition, gains on bargain purchase of subsidiaries, impairment losses on stock of properties, impairment losses on amounts from associates and joint ventures, share of profits (losses) of associates and joint ventures, changes in fair value of financial assets at fair value through profit or loss, net, and net foreign exchange gains (losses). Adjusted EBITDA is not a standard measure under HKFRS Accounting Standards. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. Adjusted EBITDA should not be considered in isolation or construed as an alternative to cash flows, profit for the year or any other measure of financial performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating Adjusted EBITDA, investors should consider, among other things, the components of Adjusted EBITDA such as revenue and operating expenses and the amount by which Adjusted EBITDA exceeds capital expenditures and other charges. The Group has included Adjusted EBITDA because the Group believes that it is a useful supplement to cash flow data as a measure of the Group's performance and its ability to generate cash flow from operations to cover debt service and taxes. Adjusted EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's Adjusted EBITDA to EBITDA presented by other companies because not all companies use the same definition.

(2) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenue.

(3) Net debt comprises the total carrying amount of bank loans and guaranteed notes and corporate bonds, net of bank balances and cash. Equity comprises total equity of the Guarantor (including non-controlling interests).

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information in this Offering Circular, including the risks and uncertainties described below. The business, financial condition or results of operations of the Group could be materially adversely affected by any of these risks. The Issuer, the Guarantor and the Group believe that the following factors may affect their ability to fulfil their obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer, the Guarantor and the Group are not in a position to express a view on the likelihood of any such contingency occurring. Factors which the Issuer, the Guarantor and the Group believe may be material for the purpose of assessing the risks associated with the Notes issued under the Programme are also described below.

The Issuer, the Guarantor and the Group believe that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme, but the inability of the Issuer, the Guarantor or the Group to pay principal, interest (if any) or other amounts or fulfil other obligations on or in connection with any Notes may occur for other reasons and the Issuer, the Guarantor and the Group do not represent that the statements below regarding the risks of investing in or holding the Notes are exhaustive.

RISKS RELATING TO THE GROUP'S BUSINESSES

The Group's business is sensitive to global economic conditions. A severe downturn in the global economy could materially and adversely affect the revenue and results of operations of the Group.

Fluctuations in the global economy and in the global financial markets in recent years have had negative impacts on the PRC real estate industry and many other industries.

In response to the adverse conditions in the financial markets and the global economy, many countries, including the PRC, implemented fiscal measures and other stimulus packages targeted at reducing the adverse impact of the global economic crisis and reviving their economies.

However, the outlook for the world economy and financial markets remains uncertain. The aggravation of China-U.S. trade friction, trade protectionism and the slowdown in global economic growth have also caused volatility in global financial markets. Since the second half of 2018, the PRC and the United States have imposed tariffs on certain products imported from the other country. Even if the PRC and the United States have previously entered into some trade agreements, the resulting trade policies or the terms of any renegotiated trade agreements and their impact are uncertain. It remains to be seen whether the phase one China-U.S. trade agreement will be observed by both governments and successfully reduce trade tensions. The escalating China-U.S. trade war and the U.S. global trade policy against the PRC, including tightening regulatory restrictions, industry-specific quotas, tariffs, non-tariff barriers and taxes, may have an adverse effect on the PRC and global economy. Similar international trade disputes, including between the European Union and the PRC, may also cause disruptions in the international flow of goods and services, which may in turn add to the uncertainties relating to the overall prospects for the global and the PRC economies this year and beyond, which may have a material adverse impact on the Group's business, prospects, financial condition and results of operations. Furthermore, the Russo-Ukrainian conflict that began in February 2022 and geopolitical uncertainty originated by, among others, the increased tensions between Russia and members of the North Atlantic Treaty Organisation and the military conflicts between the United States, Israel, Iran and other neighbouring countries in the Middle East, are contributing to further increases in the prices of energy, oil and other commodities and to volatility in financial markets globally, as well as a new landscape in relation to international sanctions and export-control measures. Geopolitical events such as continued tensions in various countries in the Middle East, the Korean peninsula, Eastern Europe as well as Africa could significantly undermine the stability of the global economy and financial markets. Such geopolitical risks may have a material adverse impact on macroeconomic factors which affect the Group's business, financial condition and results of operations.

These and other issues resulting from the fluctuations in the global economy and in the global financial markets have adversely affected, and may continue adversely affecting, homeowners and potential property purchasers, which may lead to a decline in the general demand for the Group's properties and erosion of their sale prices. In addition, any further tightening of liquidity in the global financial markets may negatively affect the Group's liquidity. Therefore,

if the fluctuations in the global economy and in the global financial markets continue, the Group's business, financial condition and results of operations may be negatively affected.

The Group depends significantly on the performance of the PRC property markets, particularly in the higher-tier cities in which it is developing properties.

The Group depends significantly on the performance of the PRC property markets, particularly in the higher-tier cities in which the Group is developing properties. The property interests of the Group are subject to certain risks inherent in the ownership of, investment in and development of real estate properties. These risks include, but are not limited to, the cyclical nature of property markets, changes in general economic, business and credit conditions, changes in government policies or regulations affecting the real estate sector, building and other raw materials shortages, fluctuations in interest rates and the costs of labour and materials. The Group's property interests are also affected by the strength of the economies of the cities and regions in the Chinese Mainland in which it conducts its business.

Historically, the PRC property market has been cyclical. The PRC property sector has experienced dramatic changes since mid-2021, and coupled with other factors, such as the deteriorating market conditions which affected consumer confidence and sentiment and further led to a significant slowdown in sales of residential property in China. Although the Group has maintained stable operations during these challenging circumstances for the PRC property sector, it has become increasingly difficult for many other PRC property developers due to slow property sales and falling property prices as well as difficulties in obtaining external financing in both the domestic and offshore lending and capital markets. This has resulted in a number of debt defaults and corporate restructurings by other PRC property developers, further increasing volatility and uncertainty in the PRC property sector.

In the first half of 2020, the PBOC emphasised adhering to the principle that "houses are for living, not for speculation" so as to maintain the continuity, consistency and stability of real estate financial policies. In August 2020, the PBOC and the Ministry of Housing and Urban-Rural Development ("**MOHURD**") jointly formulated the "Three Red Lines" policy to monitor the leverage ratio and regulate the ability of the real estate enterprises to incur additional debt. The "Three Red Lines" refer to certain financial metrics of a real estate enterprise: (i) the liabilities to assets ratio after excluding advances received from customers shall not exceed 70 per cent.; (ii) the net gearing ratio shall not exceed 100 per cent.; and (iii) cash to short-term borrowing ratio shall not be less than one. The real estate enterprises that fail to meet all three ratios shall not increase the amount of interest-bearing borrowings; the real estate enterprises that fail to meet two of the three ratios may only increase the amount of interest-bearing borrowings by 5 per cent. each year; the real estate enterprises that fail to meet one of the three ratios may only increase the amount of interest-bearing borrowings by 10 per cent. each year; and the real estate enterprises that meet all three ratios may increase the amount of interest-bearing borrowings by 15 per cent. each year. The PRC property sector is facing an ongoing slowdown, despite support measures released by PRC central and local governments from time to time, including without limitation, a series of policies adopted since 2023 to boost sales of residential properties, to ensure the steady and orderly growth of real estate financing, to promote a virtuous cycle between finance and real estate, and to improve the macro-prudential management of real estate financing. There can be no assurance that government support measures will provide a sufficient boost to the market or that the PRC central or local governments will not adopt additional or more stringent industry policies, regulations and measures in the future. Any such adverse development and the ensuing decline in property sales or decrease in property prices in the Chinese Mainland may continue to adversely affect the Group's business, financial condition and results of operations.

In addition, demand for properties in the Chinese Mainland has been adversely affected and will continue to be so affected by the macroeconomic control measures recently implemented by the PRC government and the fluctuations in the global economy.

In 2022, in the Report on the Work of the Government of the PRC Government delivered at the Fifth Session of the 13th National People's Congress (the "**NPC**") of the PRC, the PRC government proposed to adhere to the principle of "houses are for living, not for speculation", keep land costs, housing prices and market expectations stable, and adopt city-specific measures to facilitate positive circulation and sound development in the real estate sector. Under the principle of "houses are for living, not for speculation" and stabilising the real estate market, the tailoring of real estate governmental policy to the respective conditions of each city was frequently implemented in various cities across the Chinese Mainland.

However, in response to the market downturn and the demand for pandemic prevention and control, and for the purpose of maintaining stable economic growth, local governments have introduced a large number of policies on both supply and demand to support the stable development of the real estate market. Therefore, the regulatory policy environment for the property market has gradually relaxed. The "16 Supportive Financial Measures for the Real Estate Market" was introduced in the fourth quarter of 2022, and supportive policies for credit, bonds and equity financing were launched to ensure the real estate market's stable development, which is conducive to further stabilising the expectations of home buyers and maintaining consumers' confidence in the real estate market.

In 2023, property regulatory policies remained to be based on the general principle of "houses are for living, not for speculation" and "region-specific regulatory policies". From 21 to 22 December 2023, the MOHURD convened the national housing and urban-rural construction working conference, stressing the principle of "houses are for living, not for speculation" and "region-specific regulatory policies". In addition, fostering a new development paradigm of real estate was proposed for resolving housing issues of new citizens, young people and migrant workers. It is expected that the government's regulatory policies for the real estate industry will continue to be loose, focusing on "region-specific regulatory policies", "implementing targeted regulatory policies" and "one city, one policy". Many cities independently adjusted their real estate policies according to local conditions to support the rigid and improved demand of residents, aiming at accelerating the destocking of the industry and the robust development of the market.

In 2024, the meeting of the Political Bureau of the CPC Central Committee held on 26 September 2024 emphasised the need to promote stabilisation and prevent further decline in the real estate market. It stressed that the construction of commercial housing should be subject to strict control over new supply, optimisation of existing stock, and improvement of quality. Efforts should be made to increase loan issuance for projects included on the "white list" and to support the revitalisation and utilisation of idle land resources. The meeting further called for addressing public concerns by adjusting housing purchase restriction policies, reducing interest rates on existing mortgage loans, and promptly improving land, fiscal, taxation, and financial policies in order to advance the establishment of a new development model for the real estate sector.

On 17 October 2024, the State Council Information Office held a press conference at which officials from the MOHURD and other departments provided an overview of the policies and measures adopted to promote the stable and healthy development of the real estate market. The new policy package, described as a "combination punch", consists of four removals, four reductions, and two increases. The four removals refer to the abolition of restrictions on home purchases, sales, and prices, as well as the elimination of the classification standards distinguishing ordinary from non-ordinary residential properties. The four reductions include reducing the interest rate on housing provident fund loans, lowering the minimum down payment ratio for housing loans, reducing interest rates on existing mortgage loans, and lowering the tax and fee burden associated with replacing an old home with a new one. The two increases comprise the implementation of one million additional urban village and dilapidated housing renovation projects, and an expansion of the credit quota for "white list" real estate projects to RMB4 trillion by the end of 2024.

The cyclical property market in the Chinese Mainland affects the timing for both the acquisition of sites and the sale of completed development properties. This cyclicality, combined with the lead time required for the completion of projects and the sale of properties, means that the results of operations of the Group relating to property development activities may be susceptible to significant fluctuations from year to year.

Property purchasers in the Chinese Mainland have been and will continue to be affected by these regulations and their amendments as may be made thereto from time to time. There can be no assurance that the demand for new properties, where the Group has or will have operations, will continue to grow in the future or that there will not be over-development or market downturns in the domestic residential property sector. Any such adverse development and the ensuing decline in property sales or decrease in property prices in the Chinese Mainland may adversely affect the Group's business and financial condition.

As the Group continues to be dependent, to a significant extent, on the overall state of the PRC property sector, a decline in the performance of this property sector could adversely affect the Group's revenue. To the extent that supply in the overall property market significantly exceeds demand, the Group may be subject to significant downturns and disruptions in the market for a sustained period. Any material adverse development with respect to the property

markets in the Chinese Mainland could have a material and adverse effect on the Group's business, financial condition and results of operations.

The Group may not always be able to replenish its land reserve.

The Group derives its revenue principally from the sale of properties that it has developed. To have a steady stream of developed properties available for sale and growth in the long term, the Group needs to replenish and increase its land reserve with properties that are suitable for development. Its ability to identify and acquire suitable development sites is subject to a number of factors, some of which are beyond its control.

The availability of substantially all of the land in the Chinese Mainland is controlled by the PRC government. Thus, the PRC government's land policies have a direct impact on the Group's ability to acquire land use rights for development and its costs of acquisition. In recent years, the PRC central and local governments have implemented various measures (and may implement further measures) to regulate the means by which property developers obtain land for property development and stabilise the real estate market, including policies to prevent excessive rises in property prices in certain cities and sectors such as taxing capital gains to discourage speculation, restricting purchases of real estate by foreigners, limiting the amount of luxury villa developments and tightening of credit available to real estate developers and individual purchasers. Property developers must comply with various national and local regulatory requirements promulgated by different tiers of regulators. From time to time, the PRC government adjusts its macroeconomic policies to encourage or restrict property development which may have a direct impact on the Group's business. The PRC government also controls land supply through zoning, land usage regulations and other means. All of these measures further intensify the competition for land in the Chinese Mainland among property developers. As such, any subsequent re-zoning by the PRC government could adversely affect the Group's ability to obtain land use rights. If the Group fails to acquire sufficient land reserve suitable for development in a timely manner and at acceptable prices, its prospects and competitive position may be adversely affected, and its business, financial condition and results of operations may be materially adversely affected.

The Group faces a number of development, construction and approval risks associated with the development of properties. The Group's properties may not be completed as scheduled and may not generate the levels of expected revenue or contemplated investment returns.

There are a number of construction, financing, operating and other risks associated with construction and property developments. Projects of the types undertaken by the Group typically require substantial capital expenditures during the construction phase and usually take many months, sometimes years, before they become operational and generate revenue. The time taken and the costs involved in completing construction can be adversely affected by many factors, including shortages and increased costs of materials, equipment and labour, adverse weather conditions, natural disasters, labour disputes, disputes with third-party contractors, accidents, changes in governmental policies and other unforeseen circumstances. Any of these circumstances could give rise to delays in the completion of construction or cost overruns.

In relation to the Group's property development projects in the Chinese Mainland, certain government approvals, permits, licenses or consents, such as the permit to commence pre-sales, will need to be obtained. Delays in the process of obtaining, or a failure to obtain, the requisite licenses, permits or approvals from government agencies or authorities, may increase the cost or may delay or prevent the commencement of a project, which could adversely affect the financial condition of the Group.

Construction delays may result in the loss of revenue. The failure to complete construction according to specifications may result in liabilities, reduced efficiency and lower financial returns. There can be no assurance that the Group's projects will continue to be completed substantially on schedule or that future projects will be completed on time, or at all, and generate satisfactory returns.

In addition, the Group engages CSCECL and certain third-party contractors to provide various services including construction, piling and foundation, building and property fitting-out work, interior decoration, installation of air-conditioning units and elevators. There is no assurance that the services rendered by any of the third-party contractors will be satisfactory. The Group is also exposed to the risk that a contractor may require additional capital in excess of the price originally tendered to complete a project, and it may have to bear such additional amounts. Furthermore,

there is a risk that major contractors may experience financial or other difficulties, which may affect their ability to carry out construction work, thus delaying the completion of the Group's development projects or resulting in additional costs for the Group. All of these factors could materially and adversely affect the Group's business, financial condition, results of operations and reputation.

The business and property sales of the Group may be affected if it fails to obtain records of acceptance examination for its completed projects.

According to the Regulations on Administration of Development of Urban Real Estate (城市房地產開發經營管理條例) enacted by the State Council and effective on 20 July 1998 and last amended on 29 November 2020, the Regulations on the Quality Management of Construction Projects (建設工程質量管理條例) enacted and enforced by the State Council on 30 January 2000 and was amended on 7 October 2017 and on 23 April 2019, the Administrative Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) enacted by the Ministry of Construction in April 2000 and amended on 19 October 2009 and the Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收規定) enacted by MOHURD and effective on 2 December 2013, after completion of work for a project, a real estate developer shall apply to the government property development authority at or above the county level for a record of acceptance examination upon project completion.

There can be no assurance that the Group will be able to obtain records of acceptance examination for its completed projects in a timely manner, or at all. In such event, the business, property sales and financial condition of the Group may be materially and adversely affected.

The property development business is subject to customer claims under statutory quality warranties.

Under the Regulations on the Quality Management of Construction Projects (建設工程質量管理條例), which became effective on 30 January 2000, and was amended on 7 October 2017 and 23 April 2019, all property developers in the Chinese Mainland must provide certain quality warranties for the properties they construct or sell. The Group acts as developer for a majority of property projects, and in such cases the Group is directly responsible for construction quality and is generally not able to seek reimbursement from third-party contractors where customer claims are brought against the Group under its quality warranties. The Group cannot guarantee that it will not receive customer claims in relation to the quality of the Group's projects. If a significant number of claims were brought against the Group under the Group's quality warranties and if the Group was unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, or if the money retained by the Group to cover the Group's payment obligations under the quality warranties is not sufficient, the Group could incur significant expenses to resolve such claims or face delays in remedying the related defects, which could in turn harm the Group's reputation, and materially and adversely affect the Group's business, financial condition and results of operations.

The Group is subject to legal and business risks if it fails to obtain formal qualification certificates.

Developers in the Chinese Mainland must obtain a formal qualification certificate in order to carry out real estate development business in the Chinese Mainland. According to the Provisions on Administration of Qualifications of Real Estate Developers (房地產開發企業資質管理規定) (the "**Provisions on Administration of Qualifications**") promulgated by the Ministry of Construction in March 2000 and amended by the MOHURD on 4 May 2015, 22 December 2018 and 2 March 2022, respectively, real estate developers must apply for the qualification certificate for real estate development, which is subject to renewal every three years. Real estate developers in the PRC are required to provide a valid qualification certificate when they apply for a pre-sale permit.

It is mandatory under the PRC government regulations that developers fulfil statutory requirements before obtaining or renewing their qualification certificates. In reviewing an application to renew a qualification certificate, the relevant authorities take into account, among others, a developer's real estate development investments, history of real estate development and quality of property construction, as well as the expertise of the developer's management and whether the developer has any illegal or inappropriate operations. The local authorities generally grant the developers who conduct real estate development exceeding the qualification grade a grace period to rectify their non-compliance

subject to a penalty of between RMB50,000 and RMB100,000, and failure to rectify such non-compliance within the specified time frame could result in the cancellation of, or the rejection of the application for renewal of, the developer's qualification certificate and the revocation of the developer's business license. Each of the Group's project companies renews its qualification certificate with the assistance of the Group.

It cannot be assured that each of the qualification certificates of the Group's operating project companies will be renewed or extended within the required time frame in the future or that each of the Group's newly established project companies and non-real estate development related subsidiaries will be able to obtain a valid qualification certificate in a timely manner, or at all. If any of the Group's project companies is unable to obtain or renew its qualification certificates, as applicable, it will not be permitted to engage in or continue its businesses, which could have a material adverse effect on the Group's business and financial condition.

The Group may not be able to effectively manage its expansion and growth.

The Group's performance has fluctuated in the past. The Group's contracted property sales (including those of its associates and joint ventures) grew from RMB309.81 billion in 2023 to RMB310.69 billion in 2024, but declined to RMB251.23 billion in 2025. As it continues to acquire properties for development, whether through internal growth, mergers and acquisitions or otherwise, such expansion may place a strain on the Group's managerial, operational and financial resources, and will contribute to an increase in its financing requirements. For example, in 2025, the Group acquired a land parcel in Shucun, Haidian District, Beijing for RMB7.5 billion; a land parcel in Shangcheng District, Hangzhou for RMB8.08 billion; two land parcels in Dong Siwen Li, Jing'an District and Zhenru, Putuo District, Shanghai for a total of RMB11.89 billion. The Group's planned expansion is based on its forward-looking assessment of market prospects. There can be no assurance that the Group's assessments will turn out to be accurate or that the asset acquisitions will materialise. Any failure in effectively managing the Group's expanded operations may materially and adversely affect its business, financial condition and results of operations.

There may be risks associated with any material acquisitions by the Group in the future.

The Group may consider expanding its business by acquiring property projects, assets or certain interests in other companies. For example, 5 September 2025, through the Shanghai United Assets and Equity Exchange, the Group together with China Merchants Shekou Industrial Zone Holdings Co., Ltd. and China Tourism Group Corporation Limited jointly acquired 90% of equity interest in companies holding Shanghai Xuhui Dong'an urban renewal project, for a total consideration of RMB15.48 billion and obtained the development rights for the land. During the course of these transactions, the Group will conduct due diligence investigations with respect to the projects, assets or target companies, but the due diligence with respect to any acquisition opportunity may not reveal all relevant facts that are necessary or useful in evaluating such opportunity, which could subject the Group to unknown financial and legal risks and liabilities. When determining the price for any acquisition, the Group will consider various factors, including the quality of the target business, estimated costs associated with the acquisition and the management of the target business, prevailing market conditions and intensity of competition. The Group will also face various issues arising from the acquisition after the relevant transaction is completed, such as integration of the business into its operations and allocation of internal resources. There can be no assurance that the Group will be able to address these issues effectively. In addition, any major acquisition or transaction of similar nature may consume substantial management attention and financial resources of the Group or even cause the Group to incur significant indebtedness. Any material decrease in its financial resources may limit the Group's ordinary operating activities and increase pressure on its liquidity, and in turn could materially and adversely affect its business, financial condition and results of operations.

The Group may face challenges in integrating the property projects acquired pursuant to the acquisition of assets.

Except for the discloseable transactions announced by the Group relating to the acquisition of land use right, either by direct purchases or as part of a joint venture arrangement, in the ordinary and usual course of business of the Group, the Group has not made any material acquisition for the years 2023, 2024 and 2025, and the Group may complete significant acquisitions of property projects in the future from time to time. There is no assurance that the Group will be able to integrate such acquired assets successfully. In particular, any discovery of information relating to such acquired assets including local legal and regulatory requirements, may have an adverse impact on such acquired assets. In addition, managing and operating an enlarged property portfolio may divert management's attention from the

operation and management of the Group's existing businesses. If the Group is not able to realise the benefits of such asset acquisitions envisaged, or to successfully integrate such acquired assets into its existing property portfolio, the Group's business, financial condition and results of operations may be materially and adversely affected.

The Group's businesses require substantial capital investment.

The Group may require additional financing to fund investment in stock of properties and deposits for land use rights for property development to support the future growth of its business and to refinance existing debt obligations. The Group's core businesses may require substantial capital investment, particularly for its property development and commercial property operations segments. There is no assurance that the Group will be able to generate positive operating cash flow in the future. Any negative operating cash flow requires the Group to obtain sufficient external financing to meet the financial needs and obligations. The Group has historically required and may in the future continue to require external financing to fund its capital expenditures. The Group's ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, success of the Group's businesses, provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital, and political and economic conditions in the Chinese Mainland, Hong Kong and Macau. There can be no assurance that the PRC government will relax existing restrictive measures, impose and enhance restrictive measures, or to impose other restrictive policies, regulations or measures in the future. The existing and other future restrictive measures may limit Group's access to capital, reduce market demand for Group's properties and increase Group's finance costs, and any easing measures introduced may also not be sufficient. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or obtained on terms favourable to the Group, failing which the Group's business, financial condition and results of operations may be materially and adversely affected.

The fair value of the Group's investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may materially and adversely impact its profitability.

The Group is required to reassess the fair value of its investment properties at the end of every reporting period for which it issues financial statements. Under HKFRS Accounting Standards, gains or losses arising from changes in the fair value of investment properties are included in the Group's consolidated income statement in the period in which they arise. The fair value gain of the Group's investment properties in the years ended 31 December 2023, 2024 and 2025 was primarily due to the overall appreciation from the addition of investment properties. Fair value gains or losses do not, however, change the Group's cash position as long as the relevant investment properties are held by the Group and, therefore, do not increase its liquidity notwithstanding any potential increase in profit. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. There can be no assurance that changes in the market conditions will create fair value gains on the Group's investment properties at any level at all, or that the fair value of the Group's investment properties will not decrease in the future. In particular, the fair value of its investment properties could decline in the event that the PRC property industry experiences a downturn as a result of PRC government measures and policies, or the global economic slowdown and increased volatility in financial markets. Any significant decreases in the fair value of the Group's investment properties may materially and adversely impact its business, financial condition and results of operations.

The Group may be forced to forfeit its land use rights without compensation if the Group fails to comply with the terms of the land grant contracts.

Under PRC laws, if a developer fails to develop land according to the terms of the land grant contract (including those relating to designated land use or the time for commencement and completion of the development of the land), the relevant local government authority may give a warning to or impose a penalty on the developer, or require the property developers to forfeit the land use rights. In addition, if a developer fails to commence development of a property project within the stipulated period as required under the current PRC laws without the approval from the relevant PRC government authority, the relevant PRC government authority may serve a decision on the collection of the charges for idle land to the developer and impose an idle land fee of up to 20 per cent. of the land grant premium unless such failure is caused by a government action or a force majeure event. Even if the commencement of the land development complies with the land grant contract, if the developed GFA on the land is less than one-third of the total

GFA of the project, or if the total capital expenditure is less than 25 per cent. of the total estimated investment of the project indicated in the property development proposal submitted to the relevant government and the suspension of the development of the land is more than one year without government approval, the land will still be treated as idle land. If a developer fails to commence such development for more than two years after the designated time for commencement as provided in the land grant contract, the land use right is subject to forfeiture without compensation by the PRC government unless the delay in development is caused by government actions or force majeure. Such circumstances may lead to possible forfeiture of land use rights or delays in the completion of a project, which could materially and adversely affect the Group's business, financial condition and results of operations.

The Group may not be able to obtain land use rights certificates for certain existing properties or properties acquired in the future.

To develop and sell real estate in the Chinese Mainland, property developers are required to obtain land use rights certificates from the relevant government authorities. The land use rights certificate in respect of a piece of land will not be issued until the developer has executed the land use rights contract with the relevant authorities, made full payments of the land premium, and complied with the land use rights and any other land grant conditions. There can be no assurance that the relevant PRC government authorities will grant the appropriate land use rights or issue the relevant land use rights certificates in respect of these parcels of land or in respect of other land the Group may contract to acquire in the future, in a timely manner, or at all. If the Company fails to obtain, or experiences material delay in obtaining, the land use rights certificates with respect to any parcels of land the Group has contracted or may contract to acquire in the future, in a timely manner, or at all, the Group's business, results of operations and financial condition may be materially and adversely affected. Furthermore, there can be no assurance that if the transactions as contemplated in the relevant agreement can be completed, any refund of the Group's prepayments will be provided in a timely manner or at all. If the Group fails to obtain refunds, its financial condition, cash flow and results of operations may be materially and adversely affected.

The Group may not be able to obtain, extend or renew qualification certificates for property development.

As a pre-condition to engaging in property development in China, a property developer must obtain a qualification certificate and have it renewed annually unless the rules and regulations allow for a longer renewal period. According to the relevant PRC regulations on qualification of property developers, a newly established property developer must first apply for a provisional qualification certificate with a one-year validity, which can be extended for a maximum of two years. If the newly established property developer fails to commence a property development project within the one-year period when the provisional qualification certificate is in effect, it will not be allowed to extend its provisional qualification certificate. Furthermore, established property developers must also apply for renewal of their qualification certificates on an annual basis. It is mandatory under government regulations that developers fulfil all statutory requirements before obtaining or renewing their qualification certificates. The Group may not be able to obtain the qualification certificates in a timely manner, or at all, as and when they become due to expire. If the Group does not possess valid qualification certificates, the governmental authorities may refuse to issue pre-sale and other permits necessary for the Group's property development business. In addition, the governmental authorities may impose a penalty on the Group and the Group's project companies for failure to comply with the relevant licensing requirements. If the Group is unable to meet the relevant requirements, and therefore unable to obtain or renew the qualification certificates or pass the annual verification, the business and financial condition of the Group could be materially and adversely affected.

The Group faces risks related to the pre-sales of properties.

The Group depends on revenue from the pre-sales of its properties as an important source of funding for its property development projects. Under current PRC laws and regulations, property developers must fulfil certain conditions before they can commence the pre-sale of properties and the pre-sale proceeds shall, in principle, be specifically used for the construction of the corresponding projects. In August 2005, the PBOC recommended in a report entitled "2004 Real Estate Financing Report" the discontinuation of the practise of the pre-sale of unfinished properties because such practises, in the PBOC's opinion, create significant market risks and generate transactional irregularities. Although this and similar recommendations have not been adopted by the PRC government, there can be no assurance that the PRC government will not adopt such recommendations and ban the practise of the pre-sale of unfinished properties

or implement further restrictions on the pre-sale practise, such as imposing additional conditions for obtaining a pre-sale permit or imposing further restrictions on the use of pre-sale proceeds. Proceeds from the pre-sale of the Group's properties are an important source of funding for the Group's property developments. As at 31 December 2023, 2024 and 2025, the Group had recorded total pre-sales proceeds of RMB108.62 billion, RMB132.54 billion and RMB125.03 billion respectively. Consequently, any restriction on the Group's ability to pre-sell its properties, including any increase in the amount of up-front expenditure that it must incur prior to obtaining the pre-sale permit, would extend the time period required for recovery of its capital outlay and would result in it needing to seek alternative means to finance the various stages of its property developments. This, in turn, could have an adverse effect on the Group's business, cash flow, results of operations and financial condition.

The Group also faces the risk that it will be liable to the purchasers of pre-sold units for losses suffered by them if the development of the fully or partially pre-sold property is not completed. The Group cannot assure investors that these losses would not exceed any deposits that may have been made in respect of the pre-sold units. In addition, if the development of a pre-sold property is not completed on time, the purchaser may be entitled to compensation for late delivery. If the delay extends beyond the contractually specified period, or if the actual GFA of a completed property delivered to a purchaser deviates by more than 3 per cent. from the GFA originally indicated in the purchase contract without any such prior agreement therein, the purchaser will be entitled to terminate the purchase contract and claim damages.

If any of the aforementioned risks with regard to pre-sale of the property happens, the Group's business, financial condition and results of operation could be adversely affected.

Resettlement arrangements relating to the Group's future and potential developments may be subject to negotiation and any failure to reach an agreement may affect the Group's schedule to develop the relevant projects.

Under PRC laws and regulations, the relevant local government authority is responsible for the expropriation of the lands and buildings and is required to pay compensation to residents of a site to be cleared prior to construction. If the relevant local government authority responsible for the expropriation and the party subject to the expropriation fail to reach an agreement for compensation and resettlement within certain period, the relevant local government authority may make the final decision on the plan of expropriation. If the party subject to the expropriation is not satisfied with such decision, it may initiate administrative proceedings in court which may cause delays to the Group's development schedule for the relevant project. In addition, any such delays to the Group's development schedule may lead to an increase in costs and a delay in the expected cash inflow resulting from pre-sales of the relevant project, which may in turn materially and adversely affect the Group's business, financial condition and results of operations.

The Group is exposed to general risks associated with the ownership and management of real property.

Property investment is generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash at short notice or requiring a substantial reduction in the price that might otherwise be sought for such assets to ensure a quick sale. Such illiquidity also limits the ability of the Group to vary its portfolio in response to changes in economic or other conditions. Moreover, the Group may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to its illiquidity.

Property investment is subject to risks incidental to the ownership and management of residential, office and retail properties, including, among other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, inability to dispose of major investment properties for the values at which they are recorded in the financial statements, increased operating costs and the need to renovate, repair and re-let space periodically and to pay the associated costs, which may in turn have a material adverse effect on the Group's business, financial condition and results of operations.

The Group has provided guarantees to secure obligations of purchasers of its properties for repayments. Defaults by a significant number of purchasers would adversely affect the Group's financial condition.

In the Chinese Mainland, the Group has provided short-term pre-registration guarantees in favour of banks which provided mortgage facilities for purchasers of the Group's properties to secure such purchasers' repayment

obligations. See "*The* Group — *Property Development — Property Development Process — Payment method and mortgage financing*". As at 31 December 2025, the Group's outstanding guarantees in respect of the repayment of mortgage loans granted to purchasers of the Group's properties amounted to approximately RMB12.78 billion. Under the terms of the pre-registration guarantees, if, during the term of the guarantee (from the date of the mortgage up to typically either submission of the relevant property ownership certificates to the mortgagee bank or completion of the registration of the mortgage, which, when submission of relevant ownership certificates is required, usually lasts for up to 18 months, but is shorter in other situations), a purchaser defaults on its repayment obligation, the Group will be liable to pay to the banks the amount owing to them from the purchaser, but the Group will have the right to take possession of and re-sell the mortgaged property.

Defaults by a significant number of the Group's customers for whom the Group has provided guarantees could materially and adversely affect the Group's business, financial condition and results of operations.

Potential liability for non-compliance with environmental laws and regulations could result in substantial costs.

The Group is subject to a variety of laws and regulations concerning the protection of health and environment. The particular environmental laws and regulations that apply to any given project development site vary according to the site's location, the site's environmental condition, the present and former uses of the site, as well as adjoining properties. As the PRC government increases its focus on the environment, the Group's projects may be more strictly reviewed and inspected, and approval processes for future projects or any alteration to existing projects may be prolonged. In addition, the Group may incur ongoing costs of compliance with environmental laws and regulations in the context of its property management business. Efforts taken to comply with environmental laws and regulations may result in delays in development, cause the Group to incur substantial compliance costs and prohibit or severely restrict project development activity in environmentally-sensitive regions or areas.

As required by PRC laws and regulations, projects in environmental-sensitive areas or regions developed by the Group are required to undergo environmental assessments and the Group is required to submit an environmental impact assessment form to the relevant governmental authorities for approval before commencement of its construction. For other projects, the Group is required to file an environmental impact registration form for approval. It is possible that there are potential material environmental liabilities of which the Group is unaware. In addition, it cannot be assured that the Group's operations will not result in environmental liabilities or that the Group's contractors will not violate any environmental laws and regulations in their operations that may be attributed to the Group, and in the event of the occurrence of such liabilities or violations, the Group's business, financial condition and results of operations may be materially and adversely affected. Investors should refer to the section entitled "*The Group — Environmental and Safety Matters*" for more information in respect of environmental matters.

The Group's business is subject to extensive governmental regulation and is susceptible to policy changes in the PRC property sector.

The Group's business is subject to extensive government regulation. As with other PRC property developers, the Group must comply with various requirements mandated by PRC laws and regulations, including the policies and procedures established by local authorities designed to implement such laws and regulations. In particular, the PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development, control of foreign exchange, property financing, taxation and foreign investment. Through these policies and measures, the PRC government may restrict or reduce land available for property development, raise benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies on property sales and restrict foreign investment in the PRC property sector. Many of the property industry policies carried out by the PRC government are unprecedented and are expected to be refined over time. Other political, economic and social factors may also lead to further adjustments and changes of such policies. In addition, the PRC government may in respect of the property sector adopt additional and more stringent industry policies, regulations and measures in order to boost or slowdown growth in the property sector in the future. If the Group fails to adapt its operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes

disrupt the Group's business or cause it to incur additional costs, the Group's business prospects, results of operations and financial condition may be materially and adversely affected.

The Group's financing costs are subject to changes in interest rates.

Changes in interest rates have affected and will continue to affect the Group's financing costs and, ultimately, its results of operations. As at 31 December 2025, the Group had total borrowings of RMB 247.38 billion (which comprises of the total bank loans and the guaranteed notes and corporate bonds), and the costs of certain Renminbi and Hong Kong dollar denominated borrowings were subject to changes in interest rates. Of the total debt, 87.7% was denominated in RMB, 9.9% was denominated in U.S. dollars, and 2.4% was denominated in Hong Kong dollars, as at 31 December 2025. There can be no assurance that interest rates will not rise in the Chinese Mainland or in Hong Kong. To the extent that interest rates increase in respect of any of the Group's borrowings (in particular, its bank loan with floating rates) and the Group is not able to pass on such costs to purchasers of its properties, the Group's business, financial condition and results of operations could be adversely affected. Any further increase in these interest rates will increase the Group's financing costs and may materially and adversely affect its business, financial condition and results of operations.

The Group's shareholders together play a strategic and important role in advising the Guarantor's overall corporate planning.

As at 31 December 2025, CSCEC was interested in 56.1 per cent. of the shares in issue of the Guarantor through CSCECL, which has been listed on the Shanghai Stock Exchange since 2009 and a controlling shareholder of COHL, the Guarantor's immediate holding company. CSCEC is a state-owned construction group that is an enterprise under the direct supervision of the State-owned Assets Supervision and Administration Commission ("**SASAC**") of the State Council of the PRC government. The Guarantor, therefore, is ultimately controlled by CSCEC. Subject to compliance with applicable laws, by maintaining such ownership, COHL, CSCECL and CSCEC are able to control the Group's corporate policies, appoint and/or replace the Group's directors and officers and vote on corporate actions requiring shareholders' approval. The strategic goals and interests of COHL, CSCECL and CSCEC may not always be aligned with the Group's strategy and interests and could reduce the level of management flexibility that would otherwise exist with a more diversified shareholder base. Likewise, the Group benefits from financial and other support provided by its controlling shareholders and no assurance can be given that such support will continue to be available in the future. The interests of the Group's controlling shareholders may differ from those of the holders of the Notes.

The Group's success depends on the continuing efforts of its senior management team and other key personnel and its business may be harmed if the Group loses their services.

The Group's future success depends heavily on the continuing services of the members of its senior management team. If one or more of the Group's senior executives or other key personnel are unable or unwilling to continue in their present positions, the Group may not be able to replace them easily or at all, its business may be disrupted and its financial condition, results of operations and prospects may be materially and adversely affected. Competition for senior management and key personnel is intense while the pool of qualified candidates is very limited, and the Group may not be able to retain the services of senior executives or other key personnel, or attract and retain high-quality senior executives or other key personnel in the future. Furthermore, the Group may lose the services of senior executives or other key personnel if the Guarantor's shareholders choose to shuffle the management teams of such shareholders' subsidiaries or otherwise choose to change the composition of the Guarantor's management and key personnel team. In addition, if any member of the senior management team or any other key personnel joins a competitor or forms a competing company, the Group may lose customers and key professionals and staff members, which may in turn materially and adversely affect the Group's business, financial condition and results of operations.

The terms on which mortgages are available, if at all, may affect the Group's sales levels.

A vast majority of the Group's property purchasers rely on mortgages to fund their purchases. Fluctuations in interest rates may significantly increase the cost of mortgage financing of properties. Increases in interest rates will increase the cost to the Group's customers of funding property purchases through mortgages, thus reducing the attractiveness of mortgages as a source of financing for property purchases and adversely affecting the affordability of residential properties. Starting from August 2019, the PBOC has introduced the loan prime rates (the "**LPR**"). Commercial banks

had since then adopted the LPR as the pricing benchmark in floating rate loan contracts. Fluctuations in interest rates will increase the cost of mortgage financing for the Group's potential customers, and as a result, the Group may experience lower demand for its properties. Any further fluctuations in the LPR will adversely affect the affordability and attractiveness of mortgage financing to potential purchasers of the Group's properties. The Group's cost of borrowing would also increase as a result of increase of the LPR, which would, in turn, adversely affect its results of operations.

In addition, the PRC government and commercial banks may also increase down payment requirements, impose other conditions or otherwise change the regulatory framework or lending policies in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers. For example, the China Banking and Insurance Regulatory Commission (the "**CBIRC**", which has been replaced by the National Administration of Financial Regulation (國家金融監督管理總局) (the "**NAFR**")) and the PBOC have issued regulations on, among other things, the minimum interest rate, down payment and minimum interest for mortgage facilities. For example, according to the Notice on Optimising the Standards for Identifying the Number of Housing Units in Connection with Individual Housing Loans (住房城鄉建設部中國人民銀行金融監管總局關於優化個人住房貸款中住房套數認定標準的通知) issued by the MOHURD, the PBOC and the NAFR and effective from 18 August 2023 (which has also been included in the policy toolkit under the "one city, one policy" arrangement), banking financial institutions shall implement relevant housing credit policies for first-time home buyers where a member of the relevant household (including the borrower, the borrower's spouse and minor children) is applying for a loan to finance the purchase of residential housing and where the relevant family member does not own a housing unit under his/her name in the locality (but regardless of whether or not he/she has already purchased a housing unit with a loan). Further, according to the Notice on Adjusting and Optimising Differentiated Housing Credit Policies (中國人民銀行國家金融監督管理總局關於調整優化差別化住房信貸政策的通知) issued by the PBOC and the NAFR and effective from 31 August 2023, the minimum down payment ratio for individuals' commercial housing mortgages for first-time and second-time home purchases will be adjusted to be not lower than 20 per cent. and 30 per cent., respectively, nationwide. In addition, the interest rate floors for commercial personal mortgage loans issued to first-time home buyers shall still be governed by existing policies, while the interest rate floors for such loans to second-time home buyers shall be adjusted to levels no lower than the LPRs for loans with the corresponding maturities plus 20 basis points. In line with the above changes, local governments can change related housing credit policies in a city-specific manner. In May 2024, the PBOC further eased individuals' commercial housing mortgage regulations, including lowering the minimum down-payment ratio for first-time home buyers to 15 per cent. and for second-time home buyers to 25 per cent. Additionally, the interest rates for housing provident fund loans have been reduced by 0.25 per cent.

In the event that mortgage facilities for property purchases become more difficult to obtain or that the costs of such financing increase, many of the Group's prospective customers who rely on such financing may not be able to purchase the Group's properties, which in turn will materially and adversely affect the business, financial condition and results of operations of the Group.

In line with industry practice, the Group provides guarantees to banks for mortgages they offer to purchasers. If there are changes in laws, regulations, policies and practices that would prohibit property developers from providing guarantees to banks in respect of mortgages offered to property purchasers and these banks would not accept any alternative guarantees by other third parties, or if no third party is available in the market to provide such guarantees, it may become more difficult for property purchasers to obtain mortgages from banks during pre-sales. Such difficulties in financing could result in a substantially lower rate of pre-sales of the Group's properties, which could adversely affect its business, financial condition and results of operations. The Group cannot assure investors that such changes in laws, regulations, policies or practices will not occur in the future, and such changes may materially and adversely affect the Group's business, financial condition and results of operations.

Certain of the Group's businesses are conducted through associates and joint ventures.

The Group has investment in associates and joint ventures that develop, own and operate properties in the Chinese Mainland. The Group has historically maintained a certain level of control over the projects through ownership of a controlling interest or management in order to impose established financial control, management and supervisory

techniques. However, property investment and development in the Chinese Mainland may often involve the participation of local partners in the Chinese Mainland, and associates and joint ventures in the Chinese Mainland may involve special risks or problems associated with associates and joint ventures partners, including, among other things, reputational issues, inconsistent business interests or one or more of the associates and joint ventures partners experiencing financial difficulties and exposing the Group to credit risk. Should such problems occur in the future they could have a material and adverse effect on the Group's business, financial condition and results of operations and prospects.

Any unauthorised use of the China Overseas Property ("中海地產") trademark may adversely affect its business.

The Group uses its brand name "China Overseas Property" ("中海地產") in the Chinese Mainland. The Group relies on the PRC intellectual property and anti-unfair competition laws and contractual restrictions to protect its brand name and trademarks. The Group's management believes its brand and trademarks, and other intellectual property rights are important to the success of the Group's business. Any unauthorised use of its brand, trademarks and other intellectual property rights could harm the Group's competitive advantages and business. Historically, the Chinese Mainland has not protected intellectual property rights to the same extent as certain other countries, and infringement of intellectual property rights continues to pose a serious risk of doing business in the Chinese Mainland. Monitoring and preventing unauthorised use is difficult. The measures taken by the Group to protect its intellectual property rights may not be adequate. Furthermore, the application of laws governing intellectual property rights in the Chinese Mainland and abroad is uncertain and evolving, and could involve substantial risks to the Group. If the Group is unable to adequately protect its brand, trademarks and other intellectual property rights, its reputation may be harmed and its business, financial condition and results of operations may be adversely and materially affected.

The Group is subject to uninsured risks.

The Group maintains insurance coverage on all of its properties under construction, third party liabilities and employer's liabilities. The insurance policies generally cover the period from the commencement of construction of the properties by the Group up to the transfer of the completed properties to its customers. However, certain types of losses due to events such as war, civil disorder, acts of terrorism, earthquakes, typhoons, flooding, and other natural disasters are not covered as they are either uninsurable or not economically insurable. This practice is consistent with what the Group's management believes to be the industry practice. Accordingly, there may be circumstances in which the Group will not be covered or compensated for certain losses, damages and liabilities, which may in turn materially and adversely affect its business, financial condition and results of operations.

CSCECL was identified as "People's Republic of China Military Companies" in accordance with section 1260H of the National Defense Authorization Act for Fiscal Year 2021.

Since 2018, the uncertainty to global markets (including the U.S.-China trade war and the outbreak of COVID-19 pandemic) has impacted businesses and financial market sentiment, influenced financial market volatility, and slowed investment and trade. Amidst the continued intensification of tensions between the United States and China, the U.S. government, citing that for U.S. national security concerns reasons, increased scrutiny of foreign businesses (in particular targeting business pertaining to Chinese parties), such as CSCEC, the ultimate shareholder of the Guarantor.

Since 31 January 2024, CSCECL has been identified as "People's Republic of China Military Companies" in accordance with section 1260H of the National Defense Authorization Act for Fiscal Year 2021, and was included in the list released by the U.S. Department of Defense.

On 7 January 2025, the U.S. Department of Defense released an updated list, namely "Entities Identified as Chinese Military Companies Operating in the United States in accordance with section 1260H of the National Defense Authorization Act for Fiscal Year 2021", in which CSCECL and a company named "China Construction America, Inc." were included in the list. According to the press release published by the U.S. Department of Defense on 7 January 2025, the purpose of such list is to direct the U.S. Department of Defense to begin identifying, among other things, Military-Civil Fusion contributors operating directly or indirectly in the United States. On 8 June 2026, the U.S. Department of Defense released an updated list, namely "Entities Identified as Chinese Military Companies Operating in the United States in accordance with section 1260H of the National Defense Authorization Act for Fiscal

Year 2021", in which CSCECL and China Construction America, Inc. remained to be on the list. In any event, none of the Guarantor or its subsidiaries are on such list.

Nevertheless, there are ongoing tensions and political instability between the United States and China, and as a result there is a significant amount of uncertainty about the policies and the future actions that may be taken by the U.S. government. There is no assurance that the U.S. government or other relevant authorities will not impose any kind of restrictions or even sanctions against CSCEC, CSCECL, any shareholder of the Guarantor, the Guarantor or any other member of the Group by way of any law, regulation, order or etc.; and if any of them is subject to any kind of restrictions or even sanctions, the liquidity of the market and the trading price of the Notes may be adversely impacted.

The Group has been closely monitoring the development of the situation and any update from the U.S. government or other relevant authorities. It is actively implementing corresponding scrutiny in response to the latest development. In addition, a number of the loan agreements entered into by members of the Group (including the Guarantor) contain customary representations on sanctions that require the relevant obligors to confirm from time to time that the Group and its affiliates (where such affiliates would generally be interpreted to include CSCEC) are not the subject of any sanctions. If there are further restrictions imposed on CSCEC, CSCECL, any shareholder of the Guarantor, the Guarantor or any other member of the Group by the U.S. government or other relevant authorities, the relevant lenders may re-evaluate such loan agreements and may request for early repayment of such loans, which may materially and adversely affect CSCEC and/or CSCECL and/or the Group's business, prospects, financial condition and results of operations. In addition, it may also open CSCEC and/or CSCECL and/or the Group to negative media and investor attention, and may cause their business partners to re-evaluate the risk of transacting with CSCEC and/or CSCECL and/or the Group in light of the escalating U.S.-China tensions. This may also affect CSCEC and/or CSCECL and/or the Group's businesses in the overseas markets (including the U.S.).

The Group may not be able to fully detect money laundering, terrorism-funding and other illegal or improper activities in its business operations on a timely basis.

The Group is required to comply with applicable anti-money laundering laws, anti-terrorism laws and other regulations in Hong Kong, the PRC and other jurisdictions where it operates and to have sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Such policies and procedures require the Group to, among other things, establish or designate an independent anti-money laundering department, establish a customer identification system in accordance with relevant rules, record the details of customer activities and report suspicious transactions to relevant authorities.

While the Group has adopted policies and procedures aimed at detecting and preventing the use of its business platforms to facilitate money laundering activities and terrorist acts, such policies and procedures in some cases have only been recently adopted and may not completely eliminate instances in which it may be used by other parties to engage in money laundering and other illegal activities. In the event that the Group fails to fully comply with applicable laws and regulations, the relevant government agencies may freeze its assets or impose fines or other penalties on it. There can be no assurance that the Group will not fail to detect money laundering or other illegal or improper activities. Such failure of the Group may affect its business reputation, financial condition and results of operations.

The Group may not be able to detect and prevent fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties.

The Group may be exposed to fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties that could subject it to financial losses and sanctions imposed by governmental authorities, as well as affect its reputation. These misconducts could include:

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;

- recommending products, services or transactions that are not suitable for the Group's customers;
- misappropriation of funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers; or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective.

There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result.

The Group may be subject to liability and regulatory action if it is unable to protect the personal data and confidential information of its clients.

The Group is subject to various laws, regulations and rules governing the protection of the personal data and confidential information of its clients. It routinely transmits and receives personal data and confidential information of its clients through the internet, by email and other electronic means. Third parties may have the technology or expertise to breach the security of the Group's transaction data and the Group may not be able to ensure that its vendors, service providers, counterparties or other third parties have appropriate measures in place to protect the confidentiality of such information. In addition, there is no assurance that its employees who have access to the personal data and confidential information of its clients will not improperly use such data or information. If the Group fails to protect its clients' personal data and confidential information, the competent authorities may issue sanctions against it, and it may have to provide economic compensation for losses arising from such failure. In addition, incidents of mishandling personal information or failure to protect the confidential information of the Group's clients could bring reputational harm to it, which may materially adversely affect its business and prospects.

The PRC tax authorities may challenge the basis on which the Group calculates its Land Appreciation Tax ("LAT") obligations.

Under PRC tax laws and regulations, properties of the Group developed for sale are subject to LAT, which is collectible by the local tax authorities. All income from the sale or transfer of state-owned land use rights, buildings and their ancillary facilities in the PRC is subject to LAT at progressive rates ranging from 30 per cent. to 60 per cent. on the appreciation of land value, which is calculated based on the proceeds from the sale of properties less deductible expenditures as provided in the relevant tax laws.

On 28 December 2006, the State Administration of Taxation (the "**SAT**") issued the Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises, which came into effect on 1 February 2007 (the "**LAT Notice**") and was amended by the SAT on 15 June 2018. Under the LAT Notice, provincial tax authorities can formulate their own implementation rules according to the LAT Notice and local situation. In the event that the tax authorities of the provinces in which the Group undertakes development projects promulgate implementation rules that require the Group to settle all unpaid LAT, it could adversely affect the Group's business, financial condition and results of operations.

Certain exemptions may be available for the sale of ordinary residential properties if the appreciation of land value does not exceed 20 per cent. of the total deductible items as provided in the relevant tax laws. The Group's management believes that it estimates and makes provision for the full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations, but it only pays a portion of such provision each year as required by the tax authorities. Although the Group's management believes that such provisions are sufficient, there can be no

assurance that the tax authorities will agree with the basis on which the Group calculates its LAT obligations. In the event that the tax authorities believe that a higher rate of LAT should be paid, the Group's business, financial condition and results of operations may be materially and adversely affected.

The Group has published and may continue to publish periodical financial information. Investors should be cautious and should not place any reliance on the financial information which is unreviewed or unaudited.

The Group has published and may continue to publish annual, semi-annual and/or quarterly consolidated financial information to satisfy its continuing disclosure obligations according to applicable regulations and rules of relevant jurisdiction and stock exchanges. The semi-annual and/or quarterly consolidated financial information of the Group is normally derived from the Group's management accounts which have not been audited or reviewed by independent auditors. Unless specifically and expressly included in the Offering Circular and/or the relevant Pricing Supplement, such financial information does not form part of this Offering Circular, and should not be referred to or relied upon by potential investors to provide the same quality of information associated with any audited or reviewed financial information.

Restrictions and covenants in the debt agreements of the Issuer or any other member of the Group may limit the Group's ability to incur additional indebtedness and restrict its future operations, and failure to comply with these restrictive covenants may result in a default under the terms of these agreements, or the Notes, which could cause repayment of the debt of the Issuer to be accelerated.

Certain financing contracts entered into by members of the Group may contain operational and financial restrictions that prohibit the Group's or, as the case may be, the relevant subsidiary's, business operations or financing activities, that restrict the relevant borrower from incurring additional indebtedness, creating security or granting guarantees or changing their business and corporate structure and declaring or paying dividends unless it is able to satisfy certain requirements, including but not limited to meeting certain financial ratios or obtaining the relevant lender's prior consent. The ability of the Group to meet such requirements may be affected by events beyond its control, and the Group may not be in compliance with such restrictions from time to time. Such restrictions may also negatively affect the Group's ability to respond to changes in market conditions in time, pursue the business opportunities the Group believes to be desirable, obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in the Group's business. Any of these factors could materially and adversely affect the ability of the Issuer and other members of the Group to satisfy its obligations under the Notes and/or other debt, as the case may be.

If the Group is unable to comply with the restrictions and covenants in the Notes, or current or future debt obligations and other agreements (if any), such non-compliance may, subject to any applicable grace periods, thresholds or cure rights, result in a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Group, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of the debt agreements of the Group contain cross-acceleration or cross-default provisions. As a result, the default by the Group under one debt agreement may, subject to specified monetary thresholds and any applicable grace periods, cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under its other debt agreements, including the Notes. If any of these events occur, there can be no assurance that the Group's assets and cash flows would be sufficient to repay all of the Group's indebtedness in full, or that it would be able to find alternative financing. Even if the Group could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Group.

Additionally, in the event of a default on the Group's secured indebtedness, the Group may face enforcement actions by creditors, which could potentially lead to the seizure and sale of material assets of the Group. Such enforcement may materially and adversely affect the Group's operation, financial condition and the ability of the Issuer and other members of the Group to satisfy its obligations under the Notes and/or other debt, as the case may be.

The Group may be subject to risks presented by fluctuations in exchange rates between the Renminbi and other currencies, particularly the U.S. dollar.

Non-Renminbi denominated borrowings together accounted for approximately 12.3 per cent. of the Group's total borrowings as at 31 December 2025, while substantially all of the revenue generated by the Group's PRC subsidiaries

and their assets are denominated in Renminbi. Hence, the Group has foreign exchange risk from the possibility of a depreciation of Renminbi against other currencies.

Pursuant to reforms of the exchange rate system announced by the PBOC on 21 July 2005, Renminbi-to-foreign currency exchange rates are allowed to fluctuate within a narrow and managed band against a basket of foreign currencies, rather than being effectively linked to the U.S. dollar. Further, from 18 May 2007, the PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate, effective on 21 May 2007. This floating band was increased to 1.0 per cent. on 16 April 2012 and further increased to 2.0 per cent. on 17 March 2014. This allows the Renminbi to fluctuate against the U.S. dollar by up to 2.0 per cent. above or below the central parity rate published by the PBOC. On 11 August 2015, the PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change at primary international currencies. For three conservative days commencing 11 August 2015, the PBOC devalued the Renminbi against the U.S. dollar, leading to declines in the value of the Renminbi versus the U.S. dollar of up to 2.8 per cent. in currency markets and representing the largest single-day drop in the value of the Renminbi since 1994. On 11 December 2015, the China Foreign Exchange Trade System, a sub-institutional organisation of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. During 2016, along with the progressive interest rate increased by the U.S. Federal Reserve, the Renminbi accumulatively depreciated by 7.2 per cent. against the U.S. dollar. Although PRC governmental policies were introduced in 1996 to reduce restrictions on the convertibility of the Renminbi into foreign currency for current account items, conversion of the Renminbi into foreign currency for capital items, such as foreign direct investment, loans or security, requires the approval of the State Administration of Foreign Exchange ("**SAFE**") and other relevant authorities. From 1 January 2017, according to the sampling rule of "CNY versus FX currency pair listed on CFETS", CFETS would add 11 currencies newly listed on CFETS in 2016 and the number of basket currencies would increase from 13 to 24.

Other governments have renewed pressure on the PRC government to alter its exchange rate system, and it is possible that the PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. There are limited hedging instruments available to reduce the Group's exposure to exchange rate fluctuations between the Renminbi and other currencies. To date, the Group does not have any hedging arrangements in place to reduce its exposure to such risks. If such reforms were implemented and resulted in a devaluation of the value of the Renminbi against the U.S. dollar, such a devaluation could adversely affect the value, translated or converted into U.S. dollars or otherwise, of the earnings of the Group's PRC subsidiaries and could also cause the amounts due under the Guarantor's U.S. dollar-denominated debt to increase (measured in Renminbi terms). Similarly, as certain of the Group's borrowings may be denominated in Hong Kong dollars, the Group is also exposed to the possibility of a depreciation of Renminbi against Hong Kong dollars. In the event of any such negative effect caused by exchange rate fluctuations, particularly if any such exchange rate fluctuation persists, the Group's business, financial condition and results of operations may be materially and adversely affected.

The Group is subject to risks relating to environmental, social, governance and sustainability ("ESG/Sustainability") matters that could materially adversely affect its reputation, business, financial condition and results of operation.

The Group is subject to a variety of risks, including reputational risk, associated with ESG/Sustainability matters. Adverse incidents with respect to ESG/Sustainability activities could impact the Group's reputation and relationships with investors and its ability to meet the key performance index set out in its published ESG report, all of which could materially adversely affect its business and results of operations. The Group's expectations, estimates and aspirational statements regarding ESG/Sustainability matters as set forth in its published ESG report, including the potential environmental impacts of its projects and initiatives, involve known and unknown risks, uncertainties and other factors beyond the Group's control that could cause the actual results to be different from such expectations, estimates and aspirational statements. As a result, there can be no assurance that the Group's ESG/Sustainability initiatives, including the use of proceeds from its previously issued green notes (if any) and any further issuances of green notes going forward, will not be subject to heightened scrutiny or public commentary in the future. Such scrutiny or public

commentary could materially adversely affect the Group's reputation, business, financial condition and results of operations and, in particular, could create legal and reputational risks.

RISKS RELATING TO THE PRC

Policy initiatives in the financial sector to further tighten lending requirements for property developers may limit the Group's flexibility and ability to use bank loans or other forms of financing to finance the Group's property developments and therefore may require the Group to maintain a relatively high level of internally sourced cash.

The Group's ability to arrange adequate financing for land acquisitions or property developments on terms that will allow it to earn reasonable returns depends on a number of factors, many of which are beyond the Group's control. The PRC government has in recent years taken a number of policy initiatives in the financial sector to further tighten lending requirements for property developers, which, among other things:

- forbid PRC commercial banks from extending loans to property developers to finance land premiums;
- restrict PRC commercial banks from extending loans for the development of luxury residential properties;
- restrict the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;
- prohibit commercial banks from taking commodity properties that have been vacant for more than three years as security for mortgage loans; and
- forbid property developers from using borrowings obtained from any local banks to fund property developments outside that local region.

In addition, to stimulate the PRC economy, the PBOC has adjusted the reserve requirement ratio for commercial banks several times in recent years. The average reserve requirement ratio is 7 per cent. as of 5 February 2024. The reserve requirement refers to the amount of funds that banks must hold in reserve with the PBOC against deposits made by their customers. Further increases in the bank reserve requirement ratio may negatively impact the amount of funds available to lend to businesses, including the Group, by commercial banks in the Chinese Mainland.

The Group cannot assure investors that the PRC government will not introduce other initiatives which may limit the Group's access to capital resources. The foregoing and other initiatives introduced by the PRC government may limit the Group's flexibility and ability to use bank loans or other forms of financing to finance the Group's property developments and therefore may require the Group to maintain a relatively high level of internally sourced cash. As a result, the Group's business, financial condition and results of operations may be materially and adversely affected.

Property development in the PRC is still at a developing stage and lacks adequate infrastructure support.

Private ownership of property in the PRC is still in a relatively developing stage. Although demand for private residential property in the PRC has been growing rapidly in recent years, such growth is often coupled with volatility in market conditions and fluctuation in property prices. The Group cannot predict how much and when demand will develop, as many social, political, economic, legal and other factors may affect the development of the market. The level of uncertainty is increased by limited availability of accurate financial and market information, the overall low level of transparency in the PRC as well as the increasingly aging population in the PRC.

In addition, risk of property over-supply is increasing in parts of the Chinese Mainland, where property investment, trading and speculation have become quite active. In the event of actual or perceived over-supply, property prices may fall significantly and the Group's revenue and results of operations may be adversely affected.

The Group faces risks related to the pre-sale of properties, including the risk that property developments are not completed.

The Group faces risks relating to the pre-sale of properties. For example, the Group may fail to complete a fully or partially pre-sold property development, in which case it would find itself liable to purchasers of pre-sold units for losses suffered by them. The Group cannot assure investors that these losses would not exceed any deposits that may have been made in respect of the pre-sold units. In addition, if a pre-sold property development is not completed on

time, the purchaser may be entitled to compensation for late delivery. If the delay extends beyond the contractually specified period, or if the actual GFA of a completed property delivered to a purchaser deviates by more than 3 per cent. from the GFA originally indicated in the purchase contract, the purchaser will be entitled to terminate the purchase contract and claim damages. Any termination of the purchase contract as a result of the Group's late delivery of properties will have a material adverse effect on the Group's business, financial condition and results of operations.

Since 2005, proposals recommending a ban on the practise of pre-selling uncompleted properties have been introduced by various entities in the PRC, including the PBOC and the NDRC. These recommendations have not been adopted by any PRC governmental authority and have no mandatory effect. However, there can be no assurance that the PRC governmental authority will not ban the practise of pre-selling uncompleted properties or implement further restrictions on the pre-sale of properties, such as imposing additional conditions for a pre-sale permit or further restrictions on the use of pre-sale proceeds. Proceeds from the pre-sale of the Group's properties are an important source of funding for the Group's property developments. As at 31 December 2023, 2024 and 2025 the Group had pre-sales proceeds of approximately RMB108.6 billion, RMB132.5 billion and RMB125.0 billion respectively. Consequently, any restriction on the Group's ability to pre-sell its properties, including any increase in the amount of up-front expenditure that it must incur prior to obtaining the pre-sale permit, would extend the time period required for recovery of its capital outlay and would result in it needing to seek alternative means to finance the various stages of its property developments. This, in turn, could have an adverse effect on the Group's business, cash flow, results of operations and financial condition.

Increasing competition in the PRC property market may adversely affect the profitability of the Group.

In recent years, a large number of property developers have undertaken property development and investment projects across the PRC. These include overseas property developers (including a number of leading Hong Kong property developers) and local developers in the PRC, many of whom have greater financial and other capital resources, greater market share or greater name recognition than the Group.

Intensified competition between property developers may result in increased costs for land acquisition, oversupply of properties and a slowdown in the approval process for new property developments by the relevant government authorities, all of which may adversely affect the business of the Group.

Furthermore, the Group's property development operations face competition from both international and local operators with respect to factors such as location, facilities and supporting infrastructure, service and price. The Group competes with both local and international companies in capturing new business opportunities in the PRC, Hong Kong and Macau. Some of these companies have significant financial resources, marketing and other capabilities. In the Chinese Mainland, Hong Kong and Macau, some of the local companies have extensive local knowledge and business relationships and a longer operational track record in the relevant local markets than the Group. International companies are able to capitalise on their overseas experience to compete in the Chinese Mainland, Hong Kong and Macau markets. There can be no assurance that the Group will be able to compete successfully in the future against its existing or potential competitors or that increased competition with respect to the Group's activities may not have a material adverse effect on the financial condition and operating results of the Group.

The PRC property market has experienced consolidation.

Consolidation in the PRC property market in recent years has resulted in smaller property developers merging or otherwise combining their operations in order to enjoy economies of scale and enhance their competitiveness. Any further consolidation in the property sector in the PRC may intensify competition among property developers and the Group may have to compete with competitors with increased financial and other resources, including, but not limited to, land reserves and management capabilities. Such consolidation could potentially place the Group at a competitive disadvantage with respect to land or development negotiations, scale, resources and pricing of its properties.

The PRC's economic, political and social conditions, as well as government policies, could affect the Group's business.

The Group generated revenue from its operations in the PRC. The Group's financial condition, operating results and prospects will, accordingly, be subject to economic, political and legal developments in the PRC as well as in the economies in the surrounding region.

The PRC economy differs from the economies of most developed countries in many respects, including the:

- extent of government involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

While the PRC economy has experienced significant growth in the past 20 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also have a negative effect on the Group's operations. For example, the Group's financial condition and operating results may be adversely affected by the PRC government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to it.

The PRC economy has been transitioning from a planned economy to a more market-orientated economy. Although in recent years the PRC government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating the development of industries in the PRC by imposing top-down policies. It also exercises significant control over the PRC's economic growth through the allocation of resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

The interpretation and enforcement of PRC laws and regulations may feature certain inconsistencies due to the ongoing development and improvement of the PRC legal system.

The PRC legal system is a civil law system. Unlike the common law system, the civil law system is based on written statutes in which decided legal cases have little value as precedents. Since 1979, the PRC government has begun to promulgate a comprehensive system of laws and has introduced many new laws and regulations to provide general guidance on economic and business practises in the PRC and to regulate foreign investment. Progress has been made in the promulgation of laws and regulations dealing with economic matters such as corporate organisation and governance, foreign investment, commerce, taxation and trade. The promulgation of new changes to existing laws and the abrogation of local regulations by national laws could have a negative impact on the business and prospects of the Group. In addition, as these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement may involve significant uncertainty. The interpretation of PRC laws may be subject to policy changes which reflect domestic political changes. As the PRC legal system develops, the promulgation of new laws, changes to existing laws and the pre-emption of local regulations by national laws may have an adverse effect on the Group's prospects, financial condition and operating results.

Natural disasters, acts of God, or recurrence of widespread public health problem could adversely affect the Group's business, financial condition and results of operations.

Several countries and regions, including the Chinese Mainland, Hong Kong, Macau and elsewhere, have suffered from outbreaks of widespread diseases over the past few years, which had a significant adverse impact on the economies of many of the countries affected. In addition, some regions in the Chinese Mainland, including the cities where the Group operates, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, and drought. Any future occurrence of natural disasters, epidemics and other acts of God which are beyond the control of the Group or any renewed outbreak of widespread public health problem in the Chinese Mainland, Hong Kong and Macau could

have a material adverse effect on the Chinese Mainland, Hong Kong and Macau economies and the property market generally, and on the Group's business, financial condition and results of operations.

Facts and statistics in this Offering Circular relating to the PRC economy and the PRC real estate industry may not be reliable.

Facts and statistics relating to the PRC economy and the PRC real estate industry contained in this Offering Circular have been compiled from various publicly available official publications and industry-related sources which the Issuer or the Guarantor has no reason to believe is false or misleading or that any fact has been omitted that would render such information false or misleading. However, the quality or reliability of official publications and sources cannot be guaranteed. In addition, statistics derived from official sources may not be prepared on a comparable basis. While the Issuer and the Guarantor believe that the sources of the information are appropriate sources and have taken reasonable care in extracting and reproducing such information, they have not been independently verified by the Issuer, the Guarantor, any other members of the Group, the Joint Arrangers, or any of their affiliates or advisers. It cannot be assured that such facts and statistics are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Due to possibly flawed or ineffective collection methods or discrepancies between official publications and market practise and other problems, the statistics herein may be inaccurate or may be incomparable to statistics produced for other economies and should not be unduly relied upon by the investors in purchasing the Notes or otherwise.

The Guarantor may be deemed a PRC resident enterprise under the PRC Enterprise Income Tax ("EIT") Law, which may subject it to the PRC taxation on its worldwide income. In addition, if the Issuer is deemed as a PRC resident enterprise, it would be required to withhold taxes on interest it pays on the Notes and the investors of the Notes would be required to pay taxes on gains realised from the sale of the Notes.

The Issuer is a Cayman Islands holding company, and the Guarantor is a Hong Kong holding company with a substantial part of its operations conducted in the Chinese Mainland through the Guarantor's operating subsidiaries. Under the PRC EIT Law that took effect on 1 January 2008, as amended in February 2017 and December 2018, respectively, enterprises established outside the Chinese Mainland whose "de facto management bodies" are located in the Chinese Mainland are considered "resident enterprises" for PRC tax law purposes and will generally be subject to the uniform 25 per cent. EIT rate as to their worldwide income. Under the implementation regulations of the PRC EIT Law issued by the State Council, a "de facto management body" is defined as the body that has the significant and overall management control over the business, personnel, accounts and properties of an enterprise.

In April 2009, the SAT promulgated the Notice on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management ("**Circular 82**") which clarified the definition of "de facto management bodies" for enterprises incorporated overseas with controlling shareholders being PRC enterprises. These criteria include: (i) the enterprise's day-to-day operations management is primarily exercised in the Chinese Mainland, (ii) the decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organisations or personnel in the Chinese Mainland, (iii) the enterprise's primary assets, accounting books and records, company seals, board and shareholders' meeting minutes are located or maintained in the Chinese Mainland, and (iv) 50 per cent. or more of the voting board members or senior executives of the enterprise habitually reside in the Chinese Mainland. If all of these criteria are met, the relevant foreign enterprises that are controlled by PRC enterprises will be deemed to have its "de facto management" in the Chinese Mainland and therefore be deemed a PRC "resident enterprise". On 1 September 2011, the SAT issued Administration of Taxation of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprise (for Trial Implementation), as amended in June 2018, to further prescribe the rules concerning the recognition, administration and taxation of a foreign enterprise "controlled by a PRC enterprise or PRC enterprise group" which shall be treated as a resident enterprise. First, the foreign enterprise may decide on its own whether its de facto management body is located in China based on the criteria set forth in Circular 82, and if it determines so, it shall report to the competent tax bureau to be treated as a resident enterprise. Second, the tax authority may determine whether the foreign enterprise is a resident enterprise through the authority's investigation.

Since certain of the Guarantor's management is currently based in the Chinese Mainland and will remain in the Chinese Mainland in the future, it cannot be assured that the Guarantor will not be considered a PRC "resident

enterprise" by the PRC tax authorities. If the Guarantor is deemed to be a PRC resident enterprise, it would be subject to EIT at a rate of 25 per cent. on its worldwide income accordingly, which may have an adverse effect on the net profit or cash flow of the Guarantor.

Separately, there have been no official implementation rules regarding the determination of the "de facto management bodies" for overseas enterprises that are not directly controlled by PRC enterprises. Therefore, whether an overseas enterprise invested or controlled by another overseas enterprise such as the Issuer will be treated by the relevant tax authorities as a PRC resident enterprise remains unclear.

If the Issuer is deemed a PRC resident enterprise, it would be obligated to withhold PRC EIT of 10 per cent. on payments of interest and other amounts on the Notes to investors that are non-resident enterprises, unless any lower tax treaty rate is applicable, because the interest and other distributions on the Notes would be regarded as being derived from sources within the Chinese Mainland. Similarly, any gain realised by such non-resident enterprise investors from the transfer of the Notes would be regarded as being derived from sources within the Chinese Mainland and, accordingly, would be subject to a 10 per cent. PRC withholding tax, unless any lower tax treaty rate is applicable.

RISKS RELATING TO THE NOTES UNDER THE PROGRAMME AND THE GUARANTEE

The Issuer is a special purpose company with no business activities or assets of its own and will be dependent on funds from the Group to make payments under the Notes.

The Issuer was established by the Group specifically for the purpose of issuing the Notes and will make the entire proceeds from the issue of the Notes available for the Guarantor and/or other members of the Group. The Issuer does not and will not have any assets other than such receivables in connection with the use of proceeds and its ability to make payments under the Notes will depend on its receipt of timely payments under the arrangements with the Guarantor and/or other members of the Group.

The Guarantor may be unable to make payments on the Guarantee and is subject to structural subordination.

The Guarantor is a holding company with limited operations of its own and its ability to make payments under the Guarantee and to make payments to the Issuer under the loan arrangement to fund payments on the Notes depends upon the receipt of dividends, distributions, interest, loan repayments or advances from its wholly-owned or partly-owned subsidiaries, associates and joint ventures. The ability of the subsidiaries, joint ventures and associates of the Guarantor to pay dividends is subject to their performance and cash flow requirements and may be subject to applicable laws and regulations. The outstanding indebtedness of subsidiaries of the Guarantor may contain covenants restricting the ability of such subsidiaries to pay dividends in certain circumstances for so long as such indebtedness remains outstanding. Moreover, the Guarantor's percentage interests in its subsidiaries, joint ventures and associates could be reduced in the future.

As the Guarantor is a holding company, payments under the Guarantee are structurally subordinated to all existing and future liabilities and obligations of each of the Guarantor's subsidiaries, joint ventures and associates, except for those liabilities and obligations of the Issuer. Claims of creditors of such companies will have priority as to the assets of such companies over the Guarantor and its creditors, including holders of the Notes seeking to enforce the Guarantee. The Guarantor's obligations under the Guarantee will not be guaranteed by any of its subsidiaries. The Notes do not contain any restrictions on the ability of the Guarantor's subsidiaries to incur additional unsecured indebtedness.

Any failure to complete the relevant filings under the Order 56 within the prescribed time frame following the completion of the issue of the Notes may have adverse consequences for the Issuer and/or the investors of the Notes.

On 5 January 2023, the NDRC issued the Order 56, which took effect on 10 February 2023. Pursuant to Order 56, an enterprise shall, (i) before borrowing a foreign debt with a maturity term of more than one year (including without limitation, issue of a medium term note), complete the relevant examination and registration formalities and obtain the Certificate of Examination and Registration for Foreign Debts Borrowed by Enterprises, and (ii) comply with the requirements on risk management and interim and ex-post supervision as stipulated in Order 56, including, among others, reporting the relevant information and documents in respect of the borrowing of the foreign debt to the NDRC

within ten working days after borrowing each foreign debt. Where an enterprise fails to comply with the post-issuance reporting requirement under Order 56, the relevant examination and registration authority shall order it to take corrective action within a prescribed time limit; and if the circumstances are serious or the enterprise fails to take corrective action within the prescribed time limit, give a warning to the relevant enterprise and its principal liable person. In addition, such non-compliance shall be publicised on the "Credit China" website and the national enterprise credit information publicity system, among others. Potential investors of the Notes are advised to exercise due caution when making their investment decisions.

The Guarantor will undertake under the Terms and Conditions of the Notes to perform post-issuance registration and filing as required by laws and regulations as applicable to it from time to time. A failure to complete any applicable registration and filing procedure will not only constitute a breach of the relevant laws and regulations (which may carry administrative penalties), but will also constitute an Event of Default pursuant to which the Notes could be accelerated.

The Notes and the Guarantee will be unsecured obligations.

The Notes and the Guarantee will be unsecured obligations of the Issuer and the Guarantor, respectively. The repayment of the Notes and payment under the Guarantee may be adversely affected if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any the Issuer's or the Guarantor's indebtedness.

If any of these events were to occur, the Issuer's or the Guarantor's assets may not be sufficient to pay amounts due on the Notes.

The ratings of the Notes may be downgraded or withdrawn.

Each Tranche of Notes may be rated or unrated, as specified in the applicable Pricing Supplement. The rating represents the opinion of the relevant rating agency and its assessment of the ability of the Issuer and the Guarantor to perform its obligations under the Notes, and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities. The rating can be lowered or withdrawn at any time. Neither the Issuer nor the Guarantor is obliged to inform holders of the Notes if a rating is lowered or withdrawn. A reduction or withdrawal of a rating may adversely affect the market price of the Notes.

The ratings may not reflect the potential impact of all risks related to structure, market and additional factors discussed above, and other factors that may affect the value of the Notes. In April 2025, Fitch downgraded the long-term foreign-currency issuer default rating of the PRC to "A (Stable)" from "A+ (Negative)", reflecting Fitch's expectations of a continued weakening of China's public finances and a rapidly rising public debt trajectory during the country's economic transition. Further, despite the affirmation of China's A1 long-term foreign-currency issuer default rating by Moody's in recent years, its rating outlook has changed from time to time. In December 2023, Moody's changed its outlook on China's long-term foreign-currency issuer default rating to "negative" from "stable", reflecting Moody's expectation that economy-wide debt in the PRC would continue to rise as potential growth slows. In April 2026, Moody's changed its outlook to "Stable" from "Negative", reflecting a stabilisation of its outlook that China's economic and fiscal strength will be resilient to ongoing domestic as well as trade and geopolitical challenges. In line with China's sovereign rating outcome, each of Moody's and Fitch has changed their respective rating outcomes on a number of PRC issuers from time to time, including but not limited to government-owned corporate entities and subsidiaries. There can be no assurance that similarly adverse ratings developments may not occur in the future. If any further adverse ratings developments occur, the Guarantor's ratings could be adversely affected. Any downgrading of the Guarantor's corporate ratings, or those of its subsidiaries, by rating agencies could adversely affect the Group's business and the Group's liquidity.

Any adverse revision to the Guarantor's corporate ratings, or those of its subsidiaries, for domestic and international debt by rating agencies such as Fitch Ratings Ltd., Moody's and S&P may adversely affect the Group's business, its

financial performance and the trading price of the Notes. Further, the Group's ability to obtain financing or to access to capital markets may also be limited, thereby lowering its liquidity.

The credit ratings assigned to the Notes may not reflect all risks.

One or more independent credit rating agencies may assign credit ratings to an issue of the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. There can be no assurance that the ratings assigned to any Notes will remain in effect for any given period or that the ratings will not be revised or withdrawn by the rating agencies in the future if, in their judgement, the circumstances so warrant. The Issuer and the Guarantor have no obligation to inform holders of the Notes of any such suspension, revision, downgrade or withdrawal. A suspension, downgrade or withdrawal of the ratings of any Notes at any time may adversely affect the market price of the Notes.

The Notes may not be a suitable investment for all investors.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular, any applicable supplement to the Offering Circular or any Pricing Supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes may be complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the purchaser's overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments, (2) the Notes can be used as collateral for various types of borrowing, and (3) other restrictions apply to its purchase of any Note. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

The Notes will be redeemable in the event of certain withholding taxes being applicable.

There can be no assurance as to whether or not payments on the Notes may be made without withholding taxes or deductions applying from the date of issue of the first Tranche of Notes for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within any Relevant Jurisdiction (as defined in the Terms and Conditions of the Notes). Although, pursuant to the Terms and Conditions of the Notes, the Issuer is required to gross up payments on account of any such withholding taxes or

deductions, the Issuer also has the right to redeem the Notes at any time subject to certain specified exceptions in the event that it has or will become obliged to pay additional amounts on account of any existing or future withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within any Relevant Jurisdiction (as defined in the Terms and Conditions of the Notes) as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined in the Terms and Conditions of the Notes), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes.

The Notes will not restrict the Group's ability to incur additional debt or to take other actions that could negatively impact holders of the Notes.

The Issuer and the Guarantor will not be restricted under the Terms and Conditions of the Notes from incurring additional debt, including secured debt, or from repurchasing the Notes. In addition, the covenants applicable to the Notes do not require the Issuer or the Guarantor to achieve or maintain any minimum financial results relating to the Issuer's financial position or results of operations. The Group's ability to recapitalise, incur additional debt and take other actions that are not limited by the Terms and Conditions of the Notes could diminish the Group's ability to make payments on the Notes and amortising bonds when due.

A change in English law which will govern the Notes may adversely affect Noteholders.

The Terms and Conditions of the Notes will be governed by English law in effect as at the date of issue of the relevant Notes. There can be no assurance as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

The Issuer may not be able to redeem the Notes upon the due date for redemption thereof.

If specified in the relevant Pricing Supplement, the Issuer may, at its option, and at maturity or at any time or following the occurrence of a Change of Control (as defined in the Terms and Conditions of the Notes) will, be required to redeem all or some of the Notes as the case may be. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Notes could constitute an event of default under the Notes, which may also constitute a default under the terms of the Issuer's, the Guarantor's or the Group's other indebtedness.

The Notes may be represented by Global Notes or Global Certificates and holders of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System(s).

Notes issued under the Programme may be represented by one or more Global Notes (in the case of Bearer Notes) or Global Certificates (in the case of Registered Notes). Such Global Notes and Global Certificates will be deposited with a common depositary for Euroclear and Clearstream or lodged with the CMU (each of Euroclear, Clearstream and the CMU, a "**Clearing System**"). Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive Definitive Notes. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Notes or Global Certificates. While the Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing Systems.

While the Notes are represented by one or more Global Notes or Global Certificates, the Issuer will discharge its payment obligations under the Notes by making payments to the relevant Clearing System for distribution to their account holders or in the case of the CMU, to the persons for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules.

A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates (as the case may be).

Holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right under the respective Global Notes or Global Certificates to take enforcement action against the Issuer and/or the Guarantor in the event of a default under the relevant Notes but will have to rely upon their rights under the Trust Deed.

Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

In relation to any issue of Notes which have a denomination consisting of a minimum Specified Denomination (as defined in the "*Terms and Conditions of the Notes*") plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations. If Definitive Notes are issued, holders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Gains on the transfer of the Notes and interest payable by the Issuer to overseas Noteholders may be subject to income tax and value-added tax under PRC tax laws.

Under the PRC EIT Law which took effect on 1 January 2008 and last amended on 29 December 2018, and its implementation rules, any interests payable on the Notes to, or any gains realised on the transfer of the Notes by, the holders who are deemed under the PRC EIT Law as non-resident enterprises may be subject to PRC EIT if such interests or gains are regarded as income derived from sources within the PRC. Under the PRC EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. However, there remains uncertainty as to whether the interests payable on the Notes to, or the gains realised on the transfer of the Notes by, the non-resident enterprise holders would be treated as income derived from sources within the PRC and be subject to PRC EIT. Similarly, there remains uncertainty as to whether the interests payable on the Notes to, or the gains realised on the transfer of the Notes by, the individual holders who are not PRC citizens or residents will be subject to PRC individual income tax (the "**IIT**").

Pursuant to the PRC EIT Law and the PRC Individual Income Tax Law which took effect on 30 June 2011 and last amended on 1 January 2019, and their respective implementation rules, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-sourced income derived by non-resident enterprises or individuals, respectively, subject to adjustment by applicable treaty. Therefore, if the Issuer is deemed a PRC resident enterprise for PRC tax purposes, the interests payable on the Notes to, or the gains realised on the transfer of the Notes by, the non-resident enterprise or individual holders may be treated as income derived from sources within the PRC and be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise holders, and 20 per cent. for non-resident individual holders, respectively, unless an applicable tax treaty or arrangement reduces or exempts such income tax, including, without limitation, the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "**Taxation Arrangement**") with respect to the qualified holders who are Hong Kong residents, including both enterprise holders and individual holders.

On 23 March 2016, the Ministry of Finance of the PRC (the "**MOF**") and the SAT issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (Caishui [2016] No. 36) ("**Circular 36**"), which introduced value-added tax ("**VAT**") from 1 May 2016. On 25 December 2024, the NPC issued the new Value-added Tax law (the ''**New VAT Law''**), which is effective on 1 January 2026. Pursuant to the New VAT Law, VAT is applicable where the entities or individuals provide services within the PRC. The revenues generated from the taxable sale of services by entities and individuals, such as financial services, shall be subject to PRC VAT, if the

seller of the services is within the PRC or the services is consumed within the PRC (including services provided to the entities or individuals located within the PRC by the entities or individuals outside of the PRC). Accordingly, if the Issuer or the Guarantor is deemed to be a PRC resident enterprise in the PRC by the PRC tax authorities, the interest and other interest like earnings derived from such products and received by a non-PRC resident Noteholder from the Issuer or the Guarantor (in the event that the Guarantor is required to discharge its obligations under the Guarantee) may be subject to PRC VAT. The Issuer or the Guarantor (if applicable) may be required to withhold VAT on payments of interest and certain other amounts on the Notes paid to Noteholders that are non-resident enterprises or individuals. Additionally, VAT is unlikely to be applicable to any transfer of Notes between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Notes, but there is uncertainty as to the applicability of VAT if the seller of Notes is located inside the PRC. However, the new VAT Law and its implementation, together with other laws and regulations pertaining to VAT, are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

If a Noteholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax on interests payable on, or gains realised on the transfer of, the Notes, the value of the relevant Noteholder's investment in the Notes may be materially and adversely affected.

Foreign Account Tax Compliance withholding may apply to payments on Notes.

Whilst the Notes are in global form and held within Euroclear, Clearstream or the CMU, in all but the most remote circumstances, it is not expected that sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "**FATCA**") will affect the amount of any payment received by Euroclear, Clearstream or the CMU. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has made payment to, or to the order of the common depositary for Euroclear, Clearstream or the CMU and the Issuer has therefore no responsibility for any amount thereafter transmitted through Euroclear, Clearstream or the CMU and custodians or intermediaries.

The insolvency laws of the Cayman Islands and Hong Kong and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Notes are familiar.

As the Issuer is incorporated under the laws of the Cayman Islands and the Guarantor is incorporated under the laws of Hong Kong, any insolvency proceeding relating to the Issuer or the Guarantor would likely involve insolvency laws of the Cayman Islands or Hong Kong, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Notes are familiar.

The Trustee may request the Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, including without limitation giving of notice to the Issuer and the Guarantor pursuant to Condition 10 of the Terms and Conditions of the Notes and taking any steps and/or actions and/or initiating any proceedings against the Issuer or the Guarantor pursuant to Condition 12 of the Terms and Conditions of the Notes, the Trustee may, at its sole discretion, request the Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes any steps and/or actions and/or initiates any proceedings on behalf of the Noteholders. The Trustee shall not be obliged to take any such steps and/or actions and/or to initiate any such proceedings if not first indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such steps and/or actions can be taken and/or such proceedings can be initiated. The Trustee may not be able to take such steps and/or

actions and/or initiate such proceedings, notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms of the Trust Deed or the Terms and Conditions of the Notes and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable laws or regulations, it will be for the holders of the Notes to take such steps and/or actions and/or initiate such proceedings directly.

Modifications and waivers may be made in respect of the Terms and Conditions of the Notes and/or the Trust Deed by the Trustee or less than all of the holders of the Notes, and decisions may be made on behalf of all holders of the Notes that may be adverse to the interests of the individual holders of the Notes.

The Terms and Conditions of the Notes will contain provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. These provisions will permit defined majorities to bind all Noteholders including those Noteholders who did not attend and vote at the relevant meeting and those Noteholders who voted in a manner contrary to the majority. There is a risk that the decision of the majority of holders of the Notes may be adverse to the interests of individual holders of the Notes.

The Terms and Conditions of the Notes will also provide that the Trustee may, without the consent of the holders of the Notes, agree to (i) any modification of the Trust Deed, the Terms and Conditions of the Notes and/or the Agency Agreement (as defined in "*Terms and Conditions of the Notes*") which in the opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error or to comply with any mandatory provision of applicable law and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of, or any failure to comply with, any of the Terms and Conditions or any of the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

In addition, the Trust Deed contains provisions permitting (but not obliging) the Trustee to agree, without the consent of the Noteholders, to the substitution of the Issuer's successor in business or any Subsidiary (as defined in the Trust Deed) of the Issuer or its successor in business or of the Guarantor or its successor in business or any Subsidiary of the Guarantor or its successor in business in place of the Issuer or the Guarantor, or of any previous substituted company, as principal debtor or guarantor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

RISKS RELATING TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES UNDER THE PROGRAMME

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

The market price of Notes carrying optional redemption features may be more limited than that of Notes without these features.

Notes issued under the Programme may sometimes have Issuer optional redemption features such as Issuer make-whole call option and Issuer par call option. The timing of such early redemption is at the sole discretion of the Issuer and may not align with the Noteholders' financial or investment objectives. In a decreasing interest rate environment, the Issuer may exercise its right to redeem such Notes earlier than the final maturity date at the stated optional redemption price and an investor may face reinvestment risk as well as see the market price of the Notes converge to its redemption price as it gets closer to the optional redemption date.

Dual Currency Notes have features which are different from single currency issues.

The Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;

- payment of principal or interest may occur at a different time or in a different currency than expected; and
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero.

Failure by an investor to pay a subsequent instalment of Partly Paid Notes may result in an investor losing all of its investment.

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalments could result in an investor losing all of its investment.

The market price of variable rate Notes with a multiplier or other leverage factor may be volatile.

Notes with variable interest rates can be volatile securities. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include such features.

Benchmark reform and risk-free rates may adversely affect the Notes.

Global regulators and central banks have been driving international efforts to reform key benchmark interest rates and indices; in particular interbank offered rates such as the London Interbank Offered Rate ("**LIBOR**"). This has resulted in significant changes to the methodology and operation of certain benchmarks and indices, the adoption of alternative risk-free rates ("**RFRs**"), the discontinuation of certain reference rates (including LIBOR), and the introduction of implementing legislation and regulations.

Following the United Kingdom Financial Conduct Authority (the "**FCA**") announcement on 27 July 2017 where the FCA announced that it would no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021, the national working groups for the impacted currencies were tasked with providing guidance and support to financial and non-financial firms to help them facilitate an orderly transition of the relevant LIBORs to their chosen RFRs. The transition away from LIBOR has been completed as of September 2024.

The elimination of LIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Terms and Conditions of the Notes, or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to LIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

Where the reference rate for any tranche of Notes is an alternative risk-free reference rate as described in the Terms and Conditions of the Notes as further supplemented by the relevant pricing supplement (such as the Secured Overnight Financing Rate (SOFR), which has become more commonly used as a benchmark rate for bonds in recent years), investors should note that most such rates are backwards-looking and that the methodologies to calculate such rates are not uniform, which may result in slightly different interest amounts being determined in respect of otherwise similar securities. Notes referencing to such alternative risk-free reference rate using different interest determination methods may be issued, which could adversely affect the liquidity, volatility or market price of such Notes.

In addition, investors should carefully consider how any mismatch between applicable conventions for the use of reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

Investors should consider these matters when making their investment decision with respect to any Notes.

Inverse Floating Rate Notes are typically more volatile than conventional floating rate debt.

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are

more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Notes carrying an interest rate which may be converted from fixed to floating interest rates and vice versa, may have lower market values than other Notes.

Fixed Rate Notes and Floating Rate Notes (as defined in the "*Terms and Conditions of the Notes*") may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

The market prices of Notes issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities.

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Investors may lose part or all of their investment in any Index Linked Notes issued.

If, in the case of a particular Tranche of Notes, the relevant Pricing Supplement specifies that the Notes are Index Linked Notes or variable redemption amount Notes, there is a risk that the investor may lose the value of its entire investment or part of it.

RISKS RELATING TO THE MARKET GENERALLY

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity.

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer, the Guarantor and the Group. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances investors may not be able to sell their Notes at all or at their fair market value. Although application has been made to the Hong Kong Stock Exchange for the listing of the Programme under which Notes may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange, there can be no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes issued under the Programme. Accordingly, there can be no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Notes.

The liquidity and price of the Notes following this offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the revenues, earnings and cash flows of the Group and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Notes to change. Any such

developments may result in large and sudden changes in the volume and price at which the Notes will trade. There can be no assurance that these developments will not occur in the future.

Developments in other markets may adversely affect the market price of the Notes.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Notes is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including China. Since the global financial crisis of 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

Exchange rate risks and exchange controls may result in a Noteholder receiving less interest or principal than expected.

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if a Noteholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the Notes; (ii) the Investor's Currency equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency equivalent market value of the Notes.

Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, a Noteholder may receive less interest or principal than expected, or no interest or principal.

Changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

RISKS RELATING TO RENMINBI-DENOMINATED NOTES

Notes denominated in Renminbi ("**Renminbi Notes**") may be issued under the Programme. Renminbi Notes contain particular risks for potential investors.

Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of Renminbi Notes.

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by it in recent years over trade transactions involving the import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. However, remittance of Renminbi into and out of the PRC for settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from or completing specific registrations or filing with the relevant authorities on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being adjusted from time to time to match the policies of the PRC government.

Although the Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016, and the PBOC and the Ministry of Commerce of the PRC have implemented policies for further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies, there is no assurance that the PRC government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi

into or outside the PRC. In the event that any regulatory restrictions inhibit the ability of the Issuer or the Guarantor to repatriate funds outside the PRC to meet its obligations under the Renminbi Notes, the Issuer or the Guarantor will need to source Renminbi offshore to finance such obligations under the relevant Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

In addition, holders of beneficial interests in Renminbi Notes may be required to provide certifications and other information (including Renminbi account information) in order to allow such holder to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the ability of the Issuer and the Guarantor to source Renminbi outside the PRC to service such Renminbi Notes.

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the PBOC has entered into agreements (the "**Settlement Agreements**") on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), including but not limited to Hong Kong, London, Frankfurt and Singapore, has established the Cross-Border Inter-Bank Payments System (CIPS) to facilitate cross-border Renminbi settlement and is in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC, although the PBOC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, where the participating banks cannot source sufficient Renminbi through the above channels, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There can be no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer or the Guarantor is required to source Renminbi outside the PRC to service the Renminbi Notes, there can be no assurance that the Issuer or the Guarantor will be able to source such Renminbi on satisfactory terms, if at all.

Investment in Renminbi Notes is subject to exchange rate risks.

The value of Renminbi against other foreign currencies fluctuates and is affected by changes in the PRC, by international political and economic conditions and by many other factors. All payments of interest and principal will be made with respect to Renminbi Notes in Renminbi. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the Renminbi Notes entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. Depreciation of Renminbi against such currency could cause a decrease in the effective yield of the Renminbi Notes below their stated coupon rates and could result in a loss when the return on the Renminbi Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in Renminbi Notes.

Investment in Renminbi Notes is subject to interest rate risks.

The PRC government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may

significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Notes may carry a fixed interest rate, the trading price of the Renminbi Notes will consequently vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

Payments in respect of Renminbi Notes may be made only in the manner designated in such Renminbi Notes.

All payments to investors in respect of Renminbi Notes will be made solely (i) when Renminbi Notes are represented by Global Notes or Global Certificates, by transfer to a Renminbi bank account maintained in a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, or (ii) when Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

Remittance of proceeds into or outside of the PRC in Renminbi may be difficult.

In the event that the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC government authorities. However, there can be no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

In the event that the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer or the Guarantor subsequently is not able to repatriate funds outside the PRC in Renminbi, the Issuer or the Guarantor will need to source Renminbi outside the PRC to finance their respective obligations under the Renminbi Notes, and their ability to do so will be subject to the overall availability of Renminbi outside the PRC.

There may be PRC tax consequences with respect to investment in the Renminbi Notes.

In considering whether to invest in the Renminbi Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situation as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the holder's investment in the Renminbi Notes may be materially and adversely affected if the holder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Renminbi Notes.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied to finance new and existing projects, to repay and/or refinance the existing indebtedness of the Group and for general corporate purposes or other purposes as stated in the applicable Pricing Supplement.

CAPITALISATION AND INDEBTEDNESS

The following table sets out, on a consolidated basis, the capitalisation of the Guarantor as at 31 December 2025, on an actual basis:

	As at 31 December 2025 (Actual)	
	(RMB'000)	**(U.S.$'000)**
Short-term borrowings		
Bank loans — due within one year	30,726,935	4,393,893
Guaranteed notes and corporate bonds — due within one year	11,589,193	1,657,232
Total short-term borrowings	42,316,128	6,051,125
Long-term borrowings		
Bank loans — due after one year	142,193,678	20,333,425
Guaranteed notes and corporate bonds — due after one year	62,865,628	8,989,665
Total long-term borrowings	205,059,306	29,323,090
Capital and reserves		
Share capital	74,035,443	10,586,927
Reserves[(1)]	313,912,343	44,888,866
Equity attributable to shareholders of the Guarantor	387,947,786	55,475,793
Non-controlling interests	31,951,376	4,568,986
Total equity	419,899,162	60,044,779
Total capitalisation[(2)]	**624,958,468**	**89,367,869**

Notes:

(1) The reserves as at 31 December 2025 included retained profits, share premium and all other reserves.

(2) Total capitalisation represents the total of long-term borrowings and total equity of the Guarantor (including non-controlling interests).

There has been no material change in the total capitalisation, on a consolidated basis, of the Guarantor since 31 December 2025 and up to the date of this Offering Circular.

THE ISSUER

The Issuer was incorporated as an exempted company with limited liability under the Companies Act (As Revised) of the Cayman Islands on 31 May 2019 with company number 352041. The registered office of the Issuer is at the office of Ogier Global (Cayman) Limited, 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands.

The authorised share capital of the Issuer is U.S.$50,000, divided into 50,000 ordinary shares of par value U.S.$1.00 each. One ordinary share has been issued and paid up. The Issuer has no subsidiary. The one issued share in the Issuer is owned by the Guarantor.

The Issuer was established for the purpose of establishing the Programme, issuing the Notes thereunder and arranging the proceeds. Since its incorporation, the Issuer has not engaged in any other material activities other than those relating to the proposed establishment of the Programme, issue of the Notes thereunder and arrangement of the proceeds thereof, and the authorisation of documents and agreements referred to in this Offering Circular to which it is or will be a party. The Issuer will be managed in accordance with its memorandum and articles of association and the laws of the Cayman Islands.

The directors of the Issuer as at the date of this Offering Circular are Mr. Liang Luo, Mr. Zhichao Zhang and Mr. Guanghui Guo, where Mr. Zhichao Zhang and Mr. Guanghui Guo are also directors of the Guarantor. The business address of the directors is 10/F., Three Pacific Place, 1 Queen's Road East, Hong Kong. The Issuer has no employee.

The directors of the Issuer do not have any interest or short position in the shares, underlying shares or debentures of the Issuer or of any of its subsidiaries.

Under Cayman Islands law, the Issuer is not required to carry out annual audits (unless otherwise resolved by the directors or shareholders of the Issuer in accordance with the memorandum and articles of association of the Issuer), appoint auditors or publish interim or annual financial statements. The directors or shareholders of the Issuer have not resolved that the accounts of the Issuer be audited. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of account as are necessary to give a true and fair view of the state of the Issuer's affairs and to explain its transactions.

As at the date of this Offering Circular, there are no potential conflicts of interest between any duties of the directors of the Issuer and their private interests and/or other duties.

THE GUARANTOR

The Guarantor is an investment holding company with operations in the Chinese Mainland, Hong Kong, Macau and London. The Guarantor was incorporated in Hong Kong on 1 June 1979 as a limited liability company with business registration number 06125096, and its shares have been listed on the Hong Kong Stock Exchange (stock code: 00688) since 1992. The registered office of the Guarantor is at 10/F., Three Pacific Place, 1 Queen's Road East, Hong Kong.

The Guarantor is managed in accordance with its articles of association and with the provisions of the laws of Hong Kong.

The business address of the directors of the Guarantor is at 10/F., Three Pacific Place, 1 Queen's Road East, Hong Kong.

As at the date of this Offering Circular, there are no potential conflicts of interest between any duties of the directors of the Guarantor and their private interests and/or other duties.

THE GROUP

OVERVIEW

The Group is a major property developer in the Chinese Mainland. Its main sources of revenue are property development and sales in the Chinese Mainland, Hong Kong and Macau. The Group has made significant investments and has interests in property development projects in major cities in the Chinese Mainland such as Beijing, Shanghai, Guangzhou and Shenzhen. The Group also has a strong presence in other major cities such as in Tianjin, Jinan, Shenyang, Chengdu, Dalian, Xi'an, Nanjing, Hangzhou, Changchun, Qingdao and Suzhou. The property development portfolio of the Group includes property developments in the Southern Region, the Eastern Region, the Central and Western Region, and the Northern Region, covering a diverse area across the Chinese Mainland. In addition, the Group has made sizable investments in property development projects in Hong Kong and Macau. As at 31 December 2025, the Group and its joint ventures and associates (excluding COGO) had a land reserve of approximately 25.3 million square metres in GFA (with an attributable GFA of approximately 22.9 million square metres), while COGO, a 39.63 per cent.-owned associate of the Guarantor, had a land reserve of approximately 12.0 million square metres in GFA (with an attributable GFA of approximately 10.3 million square metres).

In addition to property development, the Group is also involved in commercial property operations in the Chinese Mainland, Hong Kong, Macau and London. The Group seeks investment properties for long-term appreciation and lease potential and derives rental income from its commercial property portfolio investment in the Chinese Mainland, Hong Kong, Macau and London.

The Group also runs a number of complementary operations, including material procurement and supply chain management services, provision of construction and building design consultancy services and others.

For the year ended 31 December 2025, the Guarantor's consolidated revenue and profit for the year was approximately RMB168,088.8 million (approximately U.S.$24,036.4 million) and approximately RMB13,431.5 million (approximately U.S.$1,920.7 million), respectively. As at 25 June 2026, the Guarantor had a market capitalisation of approximately HK$138 billion, which made it one of the largest PRC-focused property developers listed on the Hong Kong Stock Exchange in terms of market capitalisation as at such date. The Guarantor is also a member of the Hang Seng Index, the Hang Seng Corporate Sustainability Index Series and FTSE China 50 Index.

The Guarantor is rated "A-" by Standard & Poor's and "A–" by Fitch.

The Group is comprised of the Guarantor and over 700 subsidiaries (including PRC subsidiaries). The Issuer is a direct wholly owned subsidiary of the Guarantor.

COMPETITIVE STRENGTHS

The Group is a major PRC property developer supported by the well-known national brand of "China Overseas Property" ("中海地產"), focusing on the mid- to high-end sector in the Chinese Mainland

The Group's management believes that its presence in four regions in the Chinese Mainland, its diversified portfolio of properties and the quality of its property developments have enabled it to become a major national player with a nationally recognised brand name of "China Overseas Property" ("中海地產") in the fragmented PRC property market. The Group is able to maintain a national focus on the PRC property market by utilising its brand name to enhance its presence in cities in which it has an existing presence while opportunistically expanding into new cities. The Group plans its property developments to cater for the needs and expectations of its potential buyers and endeavours to provide affordable and quality products for customers with different levels of purchasing power in the mid- to high-end property market. The Group also devotes significant resources to after-sales services and employs its customer relationship management system to foster long-term customer relationships. The Group's management believes that its brand name enables it to sell certain of its properties at a premium.

The Group consistently focuses on enhancing market share through "Good Products and Good Services" to achieve "Good Effectiveness". The Group's good products are centred on meeting customer expectations, to provide a lifestyle experience of "high-performance perceptibility + good-service connectivity". This is achieved through good design, good construction, good materials, and good operations and maintenance, to deliver lifestyle values of safety, comfort,

green and smart. During the "2025 China's Top 100 Enterprises Research Result Announcement" in Beijing, hosted by the China Enterprise Evaluation Association, the Institute of Real Estate Studies at Tsinghua University, and the Beijing China Index Academy, the Group was recognised as one of China's Top 100 Real Estate Enterprises in 2025.

The Group ranked first in the "2025 Best 10 of China Real Estate Developers Brand Value", an award under the auspices of the China Real Estate Association and conferred by Shanghai EJU Real Estate Research Institute, leveraging its outstanding corporate governance capabilities, solid financial strength, and leading brand competitiveness. Based on its leading product delivery capabilities and strong customer reputation, the Group was also awarded "2025 TOP 1 in Brand Influence of Delivery among China's Real Estate Enterprises" by CRIC (克而瑞). In terms of investor relation, the Guarantor was also ranked first in Internationally Recognised Extel (formerly known as Institutional Investor) 2025 All-Asia (ex-Japan) Executive Team Survey as the "Most Honored Company" in Asia's property industry for the first time, in recognition of its outstanding corporate management and investor relations performance. In addition, the Group was ranked the first in five assessment categories in the industry for the first time, including "Best CEO", "Best CFO", "Best ESG", "Best IR Program" and "Best IR Team".

The Group is well-positioned to capitalise on the growing trend of "green initiative"

Keeping abreast of developments, the Group has published the Sustainable Development Policy and Environmental Policy, and is committed to integrating green, safety, health, and climate resilience in architectural design, construction, and operation. In order to meet and exceed requirements of environment-related regulations, the Group is dedicated to optimising and implementing internal construction standards of Technical Guidance for Green Building, which is compiled based on Chinese mainland's The Assessment Standard for Green Building as well as the evaluation criteria from the U.S. LEED and WELL. The Group has also published the Low Carbon Office Technological Management Guideline 2024. Additionally, the Group actively promotes the certification of management systems, and has obtained ISO 14001 certification for environmental management systems, together with its subsidiary Lingchao Supply Chain Management Company Ltd., and a commercial project of the Group. As of the end of 2025, the Group had newly added 24 new projects meeting the national green building design standards, with 64% of floor area certified at two-star level or above under China's green building certification system. In total, the Group has obtained 697 certifications, including China Green Building Star Certification, U.S. LEED Certification, U.S. BOMA Certification, U.S. WELL Certification, and U.K. BREEAM Certification, with total certified area over 112 million square metres. In 2025, the Group released the industry's first "Biodiversity Conservation Report," comprehensively outlining its governance, strategy, risk and impact management, as well as indicators and targets for biodiversity protection during project development. The report consolidated a complete framework covering ten key areas, including ecological restoration, eco-friendly design, ancient tree preservation, and pollution prevention, forming the Group's biodiversity protection commitments. This report added an important dimension to the Group's contribution to "sustainable buildings". The Group has again been elected, for fifteen years in a row, a constituent in Hang Seng Corporate Sustainability Index Series. On 8 September 2025, Hang Seng Indexes Company Limited announced its 2025 Sustainability Ratings of listed companies and the Group's ESG rating was upgraded from A+ to AA-. According to the latest ESG evaluation by the London Stock Exchange Group, the Group was also ranked first among 532 property companies worldwide. In recognition of the Group's outstanding green development practices and commitment to sustainability, the Group was awarded "Award of Excellence in ESG" in the Hang Seng Index Constituent Companies category at the 2025 "Hong Kong Corporate Governance and ESG Excellence Awards," jointly presented by the Chamber of Hong Kong Listed Companies and the Centre for Corporate Governance and Financial Policy at Hong Kong Baptist University. This marked the first time the Group has achieved this dual honour, and made it the only Chinese property developer among Hang Seng Index constituents to receive these distinguished awards. Furthermore, the Group won multiple representative awards in 2025, including the "Most Honored Company" and industry-first rankings in "Best CEO," "Best CFO," "Best ESG," "Best IR Program," and "Best IR Team" by Extel (formerly known as "Institutional Investor"); the "Award of Excellence in Corporate Governance" and "Award of Excellence in ESG" from the Chamber of Hong Kong Listed Companies, as well as the "Social Impact Award 2025" and "Directors of the Year Award 2025" from the Hong Kong Institute of Directors.

As a major state-owned developer, the Group benefits from strong support from its controlling shareholder which has fostered its long-term sustainable development

The Guarantor is an indirect subsidiary of CSCEC, which is a state-owned construction group that is the parent company of one of the largest state-owned construction enterprises in the Chinese Mainland and one of the world's largest construction contractors and a "core enterprise" under the direct administration of the PRC government. CSCEC is currently one of the state-owned enterprises designated by SASAC to participate in property development as its main business. As at 31 December 2025, CSCEC was interested in 56.1 per cent. of the shares in issue of the Guarantor through CSCECL, which has been listed on the Shanghai Stock Exchange since 2009 and wholly owns COHL, the Guarantor's immediate holding company. The Group has received direct support from its controlling shareholder in the form of co-investment in certain joint ventures, and the Group's management expects to continue to benefit from this relationship in the future.

The Group has a proven track record in property development and in-depth local knowledge

The Guarantor is a major property developer with a proven track record of project development in the Chinese Mainland. It has been engaged in property development in the Chinese Mainland for over 25 years and has over 30 years of experience as a listed company in Hong Kong. The Group, together with its joint ventures and associates, has created a property development portfolio comprising development projects in 84 Chinese Mainland cities as well as in Hong Kong and Macau as at 31 December 2025.

On 25 May 2025, the Group's China Overseas (Beijing) Daji Xiang commercial complex celebrated its grand opening, drawing over 200,000 visitors on its opening day. With its unique courtyard-style street layout, rich historical and cultural heritage, and vibrant mix of commercial, cultural and tourism offerings, it has emerged as a new landmark within Beijing's Second Ring Road that combines historical depth with modern vitality.

On 30 November 2025, Shenzhen One Bay Park, a project jointly developed by the Group and a third party in the Houhai core area of Shenzhen Bay, was launched for sale. It achieved outstanding first-day sales of RMB13 billion, a national record for debut sales of a single residential project in 2025.Further, the Group ranked first in the "2025 Best 10 of China Real Estate Developers Brand Value", an award under the auspices of the China Real Estate Association and conferred by Shanghai EJU Real Estate Research Institute, leveraging its outstanding corporate governance capabilities, solid financial strength, and leading brand competitiveness. Based on its leading product delivery capabilities and strong customer reputation, the Group was awarded "2025 TOP 1 in Brand Influence of Delivery among China's Real Estate Enterprises" by CRIC (克而瑞). The senior management team of the Group has extensive experience in the property development and property investment industries in the Chinese Mainland and Hong Kong. Most members of the senior management team of the Group have worked together for more than 10 years. All of the senior management members hold a bachelor's degree or above, among which more than 70 per cent. hold a master's degree or higher. The Group's senior management team has in average approximately 25 years of experience in the industry. *See "Directors and Management"* for more information about members of the senior management team. The Group possesses in-depth local expertise, market knowledge and experience which its management believes give the Group a competitive advantage over other competitors seeking to expand in or into the PRC property development market.

The Group owns a sizable, diversified and high quality land reserve

The Group's management believes that a sizable and high quality land reserve is one of the most important resources for a property developer. The Group's management believes that one of the key factors of the Group's growth has been its ability to acquire sites at competitive prices and at opportune times, thereby securing returns on the properties it develops and sells. Through a series of selective land acquisitions over the years, the Group has secured a sizable and quality land reserve in prime locations at competitive prices. On 18 March, 2025, the Group acquired a land parcel in Shucun, Haidian District, Beijing for RMB7.5 billion. On 28 March 2025, it acquired another land parcel in Shangcheng District, Hangzhou for RMB8.08 billion. On 24 July 2025, it acquired two land parcels in Dong Siwen Li, Jing'an District and Zhenru, Putuo District, Shanghai for a total of RMB11.89 billion. On 5 September 2025, through the Shanghai United Assets and Equity Exchange, the Group together with China Merchants Shekou Industrial Zone Holdings Co., Ltd. and China Tourism Group Corporation Limited jointly acquired 90% of equity

interest in companies holding Shanghai Xuhui Dong'an urban renewal project, for a total consideration of RMB15.48 billion and obtained the development rights for the land.

As at 31 December 2025, the Group and its joint ventures and associates (excluding COGO) had a land reserve of approximately 25.3 million square metres in GFA (with an attributable GFA of approximately 22.9 million square metres), while COGO had a land reserve of approximately 12.0 million square metres in GFA (with an attributable GFA of approximately 10.3 million square metres). The Group's management believes that the Group has sufficient land reserve which lays a solid foundation for sustainable development over the next several years.

The Group's operations are scalable for further expansion

With a substantial number of properties under development, the Group enjoys the benefits of economies of scale of its design and construction process, customer service and sourcing of raw materials and services. The Group's management believes that economies of scale have provided the Group with an advantage in securing the services of reputable contractors of significant scale, negotiating prices with suppliers and contractors and securing finance for its operations at competitive rates, enabling it to recruit qualified staff. In addition, the Group's management believes that it is better positioned than local developers of a smaller scale to sustain the impact of the administrative and credit-tightening measures and property supporting and boosting policies implemented by the PRC government in accordance with China's macroeconomic development and cycles. In addition, the Group's management believes that the PRC government's introduction of administrative and credit control measures may present the Group with opportunities to acquire quality projects under development or land from smaller scale property developers or from state-owned enterprises which exit the PRC property market.

The Group is financially strong and has flexible sources of funding

The Guarantor has been listed on the Hong Kong Stock Exchange since 1992, and it conducts most of its property development business in the Chinese Mainland through subsidiaries established in the Chinese Mainland that are project companies. The Group has access to both international and domestic equity and debt financing and the ability to tap both sources of funding depending on market conditions, thereby securing the most favourable financing terms and maximising its funding efficiency. The Group's management believes that the Group's ability to obtain international financing gives it a competitive advantage over other local competitors in the Chinese Mainland who may only have access to domestic funding, the availability and costs of which may be affected by any credit control measures introduced by the PRC government. As such, the Group's management believes that its liquidity position is robust, supported by access to diversified funding sources.

Since the global financial crisis, the Group has taken steps to improve its financial stability and its fund management capabilities. The Group's management believes that it is in a strong financial position to continue to develop and grow. The Guarantor is rated "A-" by Standard & Poor's and "A–" by Fitch. The Group has used its market judgement and applied creative marketing methods to continue to improve its financial position and maintain its corporate and bond ratings. Moreover, the Group has a strong cash position, with approximately RMB103.6 billion (approximately U.S.$14.8 billion) in bank balances and cash as at 31 December 2025.

STRATEGIES

The Group's key business objective is to seek sustainable growth in revenue and profit by pursuing the following strategies:

Continuing to focus on property development and commercial property operation businesses especially in the Chinese Mainland

The Group will continue to focus on the property development and commercial property operation business in the Chinese Mainland as well as in Hong Kong, Macau and London in the medium and long term. The Group is a leading property development and operation player in the Chinese Mainland on a national scale. Substantially all of the financial resources of the Group are invested in the property business, and nearly 99 per cent. of its revenue are derived from its PRC operations in 2025. The Group will continue to focus on its core business of property development and operation especially in the Chinese Mainland in the future. The Group will also continue its presence in Hong Kong, Macau and London, in which the Group strives to enlarge the scale of its land reserves and its development and

operation activity. Furthermore, the Group will continue to focus on improving the quality of development and operation projects, directing resources to property developments and commercial property operation, speeding up turnover and expediting the development of scale, while achieving faster growth and an equilibrium between sale and profit.

Continuing to strengthen the "China Overseas Property" ("中海地產") brand nationwide

"China Overseas Property" ("中海地產") is a leading nationwide brand in the PRC property sector. The Group intends to strengthen and promote the "China Overseas Property" ("中海地產") brand further through maintaining the high quality standards of its products, its operational expertise and its diversified land reserve portfolio. Capitalising on its design and construction experience and in-depth local knowledge in a broad range of cities and regions across the Chinese Mainland, the Group designs its property projects to cater to the distinctive features of the culture, economy and environment of the city in which the project is located and the different needs, expectations and purchasing power of its potential purchasers. The Group seeks to maintain high standards in the properties that it develops in terms of design skill, quality of materials and furnishings in order to bolster its reputation as a developer of premium properties. The Group intends to continue to devote its resources to improving project site selection, market orientation, project design, quality control, marketing and after-sales services.

As part of its sales and marketing strategies, the Group also aims to achieve faster growth in sales scale. To this end, the Group aims to achieve faster project development and delivery, optimise sales incentives and continue to enhance customer satisfaction. In addition, the Group will continue to closely monitor the property market, maintain multiple sales and marketing channels and accelerate sales turnover and cash collection to balance price and volume.

Focusing on the mid- to high-end property sector and expanding its market share in the Chinese Mainland property sector, particularly in first-tier and second-tier cities

The Group will continue to target its products at the mid- to high-end market in first-tier and second-tier cities, which the Group believes will continue to generate strong demand in the long term, as the fundamentals sustaining China's long-term and sound economic growth remain unchanged, serving as a solid foundation for the long-term positive outlook in real estate market. The Group will continue to seek to enhance its market presence and profitability through prudent expansion. With the strategy of stable and enduring growth and implementation of high-quality development principle, the Group pursued the investment strategy of "Major cities, mainstream areas and mainstream products", selected the highest-quality assets to establish its investment presence, and concentrated its development focus on core cities, core areas and quality assets, so as to achieve stable progress. In particular, the Group seeks to enhance its market share and focus on the high-end segment in the first-tier cities of Beijing, Shanghai, Guangzhou and Shenzhen, where it already has a strong presence. The Group also plans to grow its market share in second-tier cities in which it also has a presence through "Good Products, Good Services", such as Tianjin, Jinan, Shenyang, Chengdu, Dalian, Xi'an, Nanjing, Hangzhou, Changchun, Qingdao and Suzhou.

The Group will also continue to review appropriate opportunities to partner with large and reputable developers and participate in large-scale property development consortiums in a selective manner to minimise risks and accelerate its business development.

Expanding its land reserve at a reasonable price

Quality and the cost of replenishing the land reserve are critical factors in determining profitability of property projects. The Group's management believes that it can build on its position as a major property developer in the Chinese Mainland and increase its market share by leveraging on its competitive strengths and ensuring its land investments are fiscally sound. The Group will continue to adopt a disciplined investment approach in acquiring quality land at a reasonable price, whether organically or through acquisition opportunities (as in the case of COGO).

In 2025, the Group acquired 35 land parcels in 15 Chinese Mainland cities and Hong Kong with a total land premium of RMB118.7 billion and attributable land premium of RMB92.4 billion, retaining first place in the industry for newly acquired land premium, and maintained ample saleable resources. The attributable land premium in the five cities, Hong Kong, Beijing, Shanghai, Guangzhou and Shenzhen accounted for 73.9% of the total attributable land premium of the Group, highlighting the advantageous position of its premium property portfolio. Even as the property market

adjusted downward, the Group maintained its disciplined investment, focused on selecting quality assets in higher-tier cities and executing targeted investments. Meanwhile, it intensified land investment in the non-public market by proactively seeking out opportunities, conducting extensive analysis, and engaging with high-level coordination. By leveraging diversified development models, the Group enriched its project acquisition channels to optimise the Group's investment presence. The Group intends to maintain a quality and sizable land reserve in the Chinese Mainland and will continue to review appropriate opportunities to replenish its land reserve by investing in new development sites at a reasonable price as and when such sites become available.

Increasing its commercial property portfolio and diversifying its income sources

The Group will continually seek to gradually expand its commercial property portfolio, particularly in the office buildings and shopping malls, which the Group's management believes will provide recurring income. To this end, the Group will focus on Grade A office buildings under China Overseas Series, shopping malls, long-term leased apartments and star-rated hotels to enhance operational and economic benefits. See "*The Group — Commercial Property Operations*" for further details. In 2025, the Group launched six new commercial properties, increasing total GFA of commercial property in operation of 280,000 square metres. In May 2025, the Group's flagship shopping mall, China Overseas (Beijing) Daji Xiang commercial complex held its grand opening and has emerged as a new landmark within Beijing's Second Ring Road.

Expanding its development through selective land acquisitions and mergers and acquisitions

The Group will continue and strive to replenish its prime land reserve by executing its prudent land policies. In recent years, the Group has leveraged on its strong financial position to selectively acquire land parcels. The Group will maintain an appropriate scale of investment and seize opportunities from market adjustments as they arise in the PRC property market. The Group will also consider merger and acquisition opportunities to supplement its organic growth as and when such opportunities arise. For example, through the Shanghai United Assets and Equity Exchange, the Group together with China Merchants Shekou Industrial Zone Holdings Co., Ltd. and China Tourism Group Corporation Limited jointly acquired 90% of equity interest in companies holding Shanghai Xuhui Dong'an urban renewal project, for a total consideration of RMB15.48 billion and obtained the development rights for the land. The Group's management expects that there will continue to be merger and acquisition opportunities arising when the property market adjusts in the Chinese Mainland as a result of the prevailing unfavourable global political and economic environment, which the Group would approach in an opportunistic manner.

The Group will also continue to increase its investment in the Hong Kong and Macau property markets. Specifically, the Group will actively participate in bidding for government land, urban renewal projects and cooperative development projects. The Group believes that this will allow it to increase its land reserves and enhance its growth in Hong Kong and Macau.

Maintaining prudent financial management and internal control system

The Group intends to continue to improve its fund management capabilities through sound financial management, taking advantage of its investment grade rating and its international and domestic funding platforms and channels. The Group will target a low gearing ratio relative to its peers, prudent levels of indebtedness and a strong liquidity position. The Group intends to make full use of its fund-raising capabilities to enhance its financial strength through capital and credit markets by tapping new channels and platforms as appropriate, subject to market conditions. The Group will also continue to improve its internal financial management processes and corporate governance standards. It strictly adheres to the principle of prudent financial fund management, firmly upholding the bottom line of safety while actively pursuing development. Moreover, the Group's management believes that it generally maintains a conservative level of debt, with sufficient cash flows for debt service. Prudent financial management and a strong finance function allow the Group to avoid the need to sell properties at low prices in a market downturn and positions the Group to seize business opportunities and to acquire prime land at reasonable cost. In summary, the Group seeks to strengthen its financial and cash flow management to support sustainable business growth.

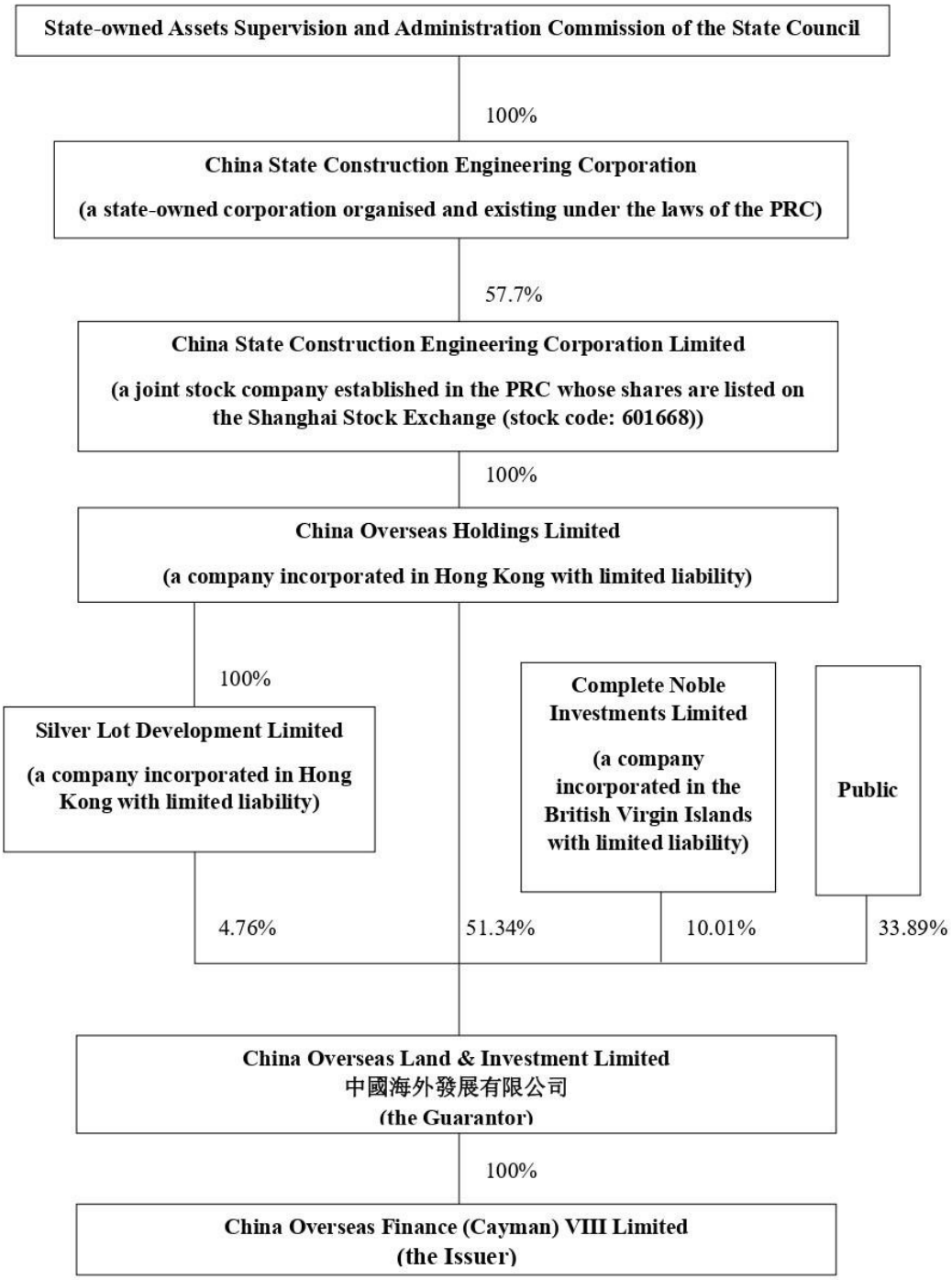
Furthermore, the Group intends to continue to improve its operational efficiency and maintain its cost-competitiveness. To this end, the Group will further enhance the professional capability of its project management teams, optimise project management and decision-making efficiency, implement holistic planning and supply, sales

and stock information management system. Specifically, the Group will further improve employee care and provide a variety of training and continuing education opportunities to its employees. The Group will also continue to improve its remuneration and compensation system in order to maintain its sound relationship with the employees.

In addition, the Group will continue to strengthen its cost control advantage by improving the construction and design standards and expanding the base and scale of materials purchased. The Group will also continue to manage expenditure on marketing, management and financial operations to better control its operating costs. Moreover, the Group will continue to optimise its comprehensive digital information management system in response to the latest technology trends. The comprehensive digital information management system will allow the Group to effectively optimise its progress management, cost and quality control management, design and planning management, as well as marketing and inventory management, which will enable the Group to further enhance its management efficiency and capabilities.

SHAREHOLDING STRUCTURE

The following chart sets forth a simplified shareholding structure of the Guarantor as at 25 June 2026:



BUSINESS

The Group's primary business activities and interests are in three principal sectors: (1) property development, (2) commercial property operations, and (3) other businesses. In relation to property development, the Group is a major property developer in the Chinese Mainland and operates in the Chinese Mainland, Hong Kong and Macau. The Group intends to continue to increase stable, long-term income and to grow its commercial property operations business, which is comprised primarily of property rentals, hotel and other commercial property operations, to further diversify its revenue sources.

The following table shows a breakdown of the Group's revenue by business segment for the years indicated:

	For the years ended of 31 December			
	2023	2024	2025	2025
	(RMB'000)	(RMB'000)	(RMB'000)	(U.S.$'000)
Revenue				
Property development[(1)]	192,877,444	174,716,382	156,773,818	22,418,358
Commercial property operations[(2)]	6,361,835	7,129,342	7,200,447	1,029,650
Other businesses[(3)]	3,284,790	3,308,303	4,114,500	588,365
Total revenue	**202,524,069**	**185,154,027**	**168,088,765**	**24,036,373**

Notes:

(1) Property development represented revenue from property development for sale.

(2) Commercial property operations segment represented revenue from leasing of properties for rentals, hotel and other commercial properties.

(3) Other businesses represented revenue from provision of material procurement and supply chain management services, construction and building design consulting services and others.

The following table shows the Group's segment result (including shares of profits and losses of associates and joint ventures) for the years indicated:

	For the years ended of 31 December			
	2023	2024	2025	2025
	(RMB'000)	(RMB'000)	(RMB'000)	(U.S.$'000)
Segment result				
Property development[(1)]	33,146,004	22,645,548	16,048,243	2,294,868
Commercial property operations[(2)]	7,770,667	3,531,024	4,018,381	574,621
Other businesses[(3)]	252,703	150,565	202,907	29,015
Total segment result	**41,169,374**	**26,327,137**	**20,269,531**	**2,898,504**

Notes:

(1) Property development represented result from property development for sale.

(2) Commercial property operations segment represented result from leasing of properties for rentals, hotel and other commercial properties.

(3) Other businesses represented result from provision of material procurement and supply chain management services, construction and building design consulting services and others.

PROPERTY DEVELOPMENT

Overview of Projects

Most of the Group's property developments are comprised of high quality residential properties targeting the mid-to high-end property market in the Chinese Mainland. The Group uses the brand name "China Overseas Property" ("中海地產") in the Chinese Mainland. The Group offers a broad variety of products, including townhouses, low-rise apartments, high-rise apartments, villas, deluxe houses, international community developments and high-end houses.

For the year ended 31 December 2025, the Group, together with its joint ventures and associates (excluding COGO), completed projects with a total GFA of approximately 8.5 million square metres in 31 Chinese Mainland cities and Hong Kong. With respect to the property information contained in this Offering Circular, the site area information for an entire project is based on the relevant land use rights certificates. The aggregate GFA of an entire project is calculated by multiplying its site area by:

- the plot ratio specified in other approval documents from the local governments relating to the project;
- the maximum permissible plot ratio as specified in the relevant land grant contracts; or
- such lower plot ratio as the Group reasonably expects to be able to develop for such project.

The aggregate GFA of a project includes both saleable and non-saleable GFA. Non-saleable GFA refers to certain communal facilities, including transformer rooms, club houses and guard houses.

The Group generally treats a property unit as "sold" when an agreement is executed with a customer. A property unit is classified as "pre-sold" when the property unit has been sold but the sale amount related thereto has not yet been recognised as revenue.

The Group recognises revenue from the sale of a property at a point in time when the customer obtains control of the property and the Group satisfies the performance obligation.

The following map indicates the approximate locations of the Group's land reserves in the Chinese Mainland, Hong Kong and Macau as at 31 December 2025:



Set forth below is a summary of certain of the Group's major property development projects as at 31 December 2025. In general, this summary covers properties in which the Group had made substantial investment as at 31 December 2025. In all cases, the Group's interest reflects an interest in the division of the property following completion of a development project.

Major Property Development Projects as of 31 December 2025

Set forth below are details of the Group's major property development projects. A number of these projects are still in early stages of development, but are expected by management to be material to the Group.

(1) *One Bay Park*

One Bay Park is a residential and commercial project located in Nanshan District, Shenzhen. The project occupies a total site area of 38,567 square metres with a total GFA of 384,396 square metres. The project is targeted to be completed in 2028.

(2) *Arcadia Bay*

Arcadia Bay is a residential project located in Nanshan District, Shenzhen. The project occupies a total site area of 36,294 square metres with a total GFA of 292,897 square metres. The project is targeted to be completed in 2026.

(3) *Oriental Heartland*

Oriental Heartland is a residential and commercial project located in Longgang District, Shenzhen. The project occupies a total site area of 20,839 square metres with a total GFA of 156,166 square metres. The project is targeted to be completed in 2027.

(4) *Renaissance Mansion*

Renaissance Mansion is a residential project located in Nanshan District, Shenzhen. The project occupies a total site area of 9,007 square metres with a total GFA of 58,015 square metres. The project is targeted to be completed in 2026.

(5) *Anthe*

Anthe is a residential project located in Nanshan District, Shenzhen. The project occupies a total site area of 11,834 square metres with a total GFA of 75,624 square metres. The project is targeted to be completed in 2027.

(6) *Mountarise*

Mountarise is a residential and commercial project located in Longhua District, Shenzhen. The project occupies a total site area of 21,821 square metres with a total GFA of 91,990 square metres. The project is targeted to be completed in 2027.

(7) *One Oasis*

One Oasis is a residential project located in Haizhu District, Guangzhou. The project occupies a total site area of 177,193 square metres with a total GFA of 548,933 square metres. The project is targeted to be completed in 2026.

(8) *Asian Games City*

Asian Games City is a residential and commercial project located in Panyu District, Guangzhou. The project occupies a total site area of 2,525,754 square metres with a total GFA of 5,892,192 square metres. The project is targeted to be completed in 2027.

(9) *Aureum*

Aureum is a residential and commercial project located in Longhua District, Haikou. The project occupies a total site area of 68,973 square metres with a total GFA of 145,385 square metres. The project is targeted to be completed in 2026.

(10) *Avant*

Avant is a residential project located in Xuhui District, Shanghai. The project occupies a total site area of 81,709 square metres with a total GFA of 315,084 square metres. The project is targeted to be completed in 2026.

(11) *Arise*

Arise is a residential and commercial project located in Yangpu District, Shanghai. The project occupies a total site area of 40,208 square metres with a total GFA of 155,649 square metres. The project is targeted to be completed in 2026.

(12) *Anlan Shanghai*

Anlan Shanghai is a residential and commercial project located in Xuhui District, Shanghai. The project occupies a total site area of 103,893 square metres with a total GFA of 694,400 square metres. The project is targeted to be completed in 2028.

(13) *Dong Siwen Li*

Dong Siwen Li is a residential and commercial project located in Jingan District, Shanghai. The project occupies a total site area of 16,809 square metres with a total GFA of 95,152 square metres. The project is targeted to be completed in 2028.

(14) *Aurae*

Aurae is a residential and commercial project located in Putuo District, Shanghai. The project occupies a total site area of 47,199 square metres with a total GFA of 169,234 square metres. The project is targeted to be completed in 2027.

(15) *Arbour I/Arbour II*

Arbour I/Arbour II is a residential and commercial project located in Huangpu District, Shanghai. The project occupies a total site area of 86,668 square metres with a total GFA of 412,554 square metres. The project is targeted to be completed in 2026.

(16) *Hu Ji Gang Wan*

Hu Ji Gang Wan is a residential project located in Xuhui District, Shanghai. The project occupies a total site area of 20,044 square metres with a total GFA of 58,590 square metres. The project is targeted to be completed in 2027.

(17) *China Overseas Haichaolu TOD Project*

China Overseas Haichaolu TOD Project is a residential and commercial project located in Shangcheng District, Hangzhou. The project occupies a total site area of 56,295 square metres with a total GFA of 312,945 square metres. The project is targeted to be completed in 2028.

(18) *Infinite Horizons*

Infinite Horizons is a residential and commercial project located in Binjiang District, Hangzhou. The project occupies a total site area of 30,459 square metres with a total GFA of 145,515 square metres. The project is targeted to be completed in 2026.

(19) *The Bund Mansion*

The Bund Mansion is a residential project located in Haishu District, Ningbo. The project occupies a total site area of 51,976 square metres with a total GFA of 179,328 square metres. The project is targeted to be completed in 2026.

(20) *Starry Enchantment*

Starry Enchantment is a residential project located in Huaiyin District, Jinan. The project occupies a total site area of 47,127 square metres with a total GFA of 201,087 square metres. The project is targeted to be completed in 2026.

(21) *Avery Mansion*

Avery Mansion is a residential project located in Lixia District, Jinan. The project occupies a total site area of 48,099 square metres with a total GFA of 203,504 square metres. The project is targeted to be completed in 2027.

(22) *Timeless Realm*

Timeless Realm is a residential project located in Lixia District, Jinan. The project occupies a total site area of 60,971 square metres with a total GFA of 224,902 square metres. The project is targeted to be completed in 2027.

(23) *Dong Hu Jiu Zhang*

Dong Hu Jiu Zhang is a residential project located in Wuchang District, Wuhan. The project occupies a total site area of 53,685 square metres with a total GFA of 309,527 square metres. The project is targeted to be completed in 2026.

(24) *Glory Manor*

Glory Manor is a residential and commercial project located in Yanta District, Xi'an. The project occupies a total site area of 84,876 square metres with a total GFA of 444,775 square metres. The project is targeted to be completed in 2026.

(25) *One Sino Residences*

One Sino Residences is a residential and commercial project located in Qingyang District, Chengdu. The project occupies a total site area of 74,366 square metres with a total GFA of 194,078 square metres. The project is targeted to be completed in 2026.

(26) *Infinite Horizons*

Infinite Horizons is a residential project located in Xicheng District, Beijing. The project occupies a total site area of 44,990 square metres with a total GFA of 172,090 square metres. The project is targeted to be completed in 2027.

(27) *Chang An Jiu Zhang*

Chang An Jiu Zhang is a residential project located in Shijingshan District, Beijing. The project occupies a total site area of 37,380 square metres with a total GFA of 167,660 square metres. The project is targeted to be completed in 2027.

(28) *Origin of Ideal*

Origin of Ideal is a residential project located in Shijingshan District, Beijing. The project occupies a total site area of 30,625 square metres with a total GFA of 134,125 square metres. The project is targeted to be completed in 2027.

(29) *Habitat*

Habitat is a residential and commercial project located in Chaoyang District, Beijing. The project occupies a total site area of 47,972 square metres with a total GFA of 192,284 square metres. The project is targeted to be completed in 2027.

(30) *Beijing Corniche*

Beijing Corniche is a residential project located in Chaoyang District, Beijing. The project occupies a total site area of 27,910 square metres with a total GFA of 125,153 square metres. The project is targeted to be completed in 2026.

(31) *Eternal Beijing*

Eternal Beijing is a residential project located in Chaoyang District, Beijing. The project occupies a total site area of 22,027 square metres with a total GFA of 86,796 square metres. The project is targeted to be completed in 2026.

(32) *Lumina Legacy*

Lumina Legacy is a residential project located in Shijingshan District, Beijing. The project occupies a total site area of 33,896 square metres with a total GFA of 127,060 square metres. The project is targeted to be completed in 2026.

(33) *Rivendell*

Rivendell is a residential project located in Shijingshan District, Beijing. The project occupies a total site area of 41,652 square metres with a total GFA of 105,309 square metres. The project is targeted to be completed in 2026.

(34) *Splendor Mansion*

Splendor Mansion is a residential project located in Fengtai District, Beijing. The project occupies a total site area of 67,672 square metres with a total GFA of 247,366 square metres. The project is targeted to be completed in 2027.

(35) *One Sino Residences*

One Sino Residences is a residential project located in Fengtai District, Beijing. The project occupies a total site area of 27,422 square metres with a total GFA of 100,680 square metres. The project is targeted to be completed in 2026.

(36) *Anlan Beijing*

Anlan Beijing is a residential project located in Haidian District, Beijing. The project occupies a total site area of 39,738 square metres with a total GFA of 130,592 square metres. The project is targeted to be completed in 2026.

(37) *The Future Realm*

The Future Realm is a residential and commercial project located in Changping District, Beijing. The project occupies a total site area of 33,526 square metres with a total GFA of 75,530 square metres. The project is targeted to be completed in 2026.

(38) *One Sino Residences*

One Sino Residences is a residential project located in Fengtai District, Beijing. The project occupies a total site area of 39,573 square metres with a total GFA of 131,485 square metres. The project is targeted to be completed in 2026.

(39) *Middle Museum/ Park Villa*

Middle Museum/ Park Villa is a residential project located in Qiaoxi District, Shijiazhuang. The project occupies a total site area of 63,811 square metres with a total GFA of 179,407 square metres. The project is targeted to be completed in 2026.

(40) *Aura Rhythms*

Aura Rhythms is a residential and commercial project located in Nankai District, Tianjin. The project occupies a total site area of 40,444 square metres with a total GFA of 124,652 square metres. The project is targeted to be completed in 2026.

(41) *Grand Mayfair I/ Grand Mayfair II*

Grand Mayfair I/ Grand Mayfair II is a residential project located in Kam Tin South, Hong Kong. The project occupies a total site area of 41,687 square metres with a total GFA of 114,896 square metres. The project is targeted to be completed in 2027.

(42) *The Knightsbridge*

The Knightsbridge is a residential and commercial project located in Kai Tak District, Hong Kong. The project occupies a total site area of 9,765 square metres with a total GFA of 107,760 square metres. The project has completed in 2025.

(43) *KT Marina*

KT Marina is a residential project located in Kai Tak District, Hong Kong. The project occupies a total site area of 16,385 square metres with a total GFA of 142,217 square metres. The project is targeted to be completed in 2026.

(44) *Twin Victoria*

Twin Victoria is a residential project located in Kai Tak District, Hong Kong. The project occupies a total site area of 5,548 square metres with a total GFA of 45,274 square metres. The project has completed in 2025.

(45) *Victoria Voyage*

Victoria Voyage is a residential and commercial project located in Kai Tak District, Hong Kong. The project occupies a total site area of 18,353 square metres with a total GFA of 157,976 square metres. The project has completed in 2025.

(46) *Double Coast*

Double Coast is a residential project located in Kai Tak District, Hong Kong. The project occupies a total site area of 9,583 square metres with a total GFA of 67,081 square metres. The project has completed in 2025.

Major Property Development Projects

Name of Property and Location	Intended Use	Site Area (square metres)	GFA (square metres)	The Group's Interest (per cent.)	Completion Year
One Bay Park *Nanshan District, Shenzhen*	Residential/ Commercial	38,567	384,396	50	2028
Arcadia Bay *Nanshan District, Shenzhen*	Residential	36,294	292,897	100	2026
Oriental Heartland *Longgang District, Shenzhen*	Residential/ Commercial	20,839	156,166	100	2027
Renaissance Mansion *Nanshan District, Shenzhen*	Residential	9,007	58,015	51	2026
Anthe *Nanshan District, Shenzhen*	Residential	11,834	75,624	100	2027
Mountarise *Longhua District, Shenzhen*	Residential/ Commercial	21,821	91,990	100	2027

Name of Property and Location	Intended Use	Site Area (square metres)	GFA (square metres)	The Group's Interest (per cent.)	Completion Year
One Oasis *Haizhu District, Guangzhou*	Residential	177,193	548,933	90	2026
Asian Games City *Panyu District, Guangzhou*	Residential/ Commercial	2,525,754	5,892,192	100	2027
Aureum *Longhua District, Haikou*	Residential/ Commercial	68,973	145,385	100	2026
Avant *Xuhui District, Shanghai*	Residential	81,709	315,084	85	2026
Arise *Yangpu District, Shanghai*	Residential/ Commercial	40,208	155,649	100	2026
Anlan Shanghai *Xuhui District, Shanghai*	Residential/ Commercial	103,893	694,400	50.5	2028
Dong Siwen Li *Jingan District, Shanghai*	Residential/ Commercial	16,809	95,152	100	2028
Aurae *Putuo District, Shanghai*	Residential/ Commercial	47,199	169,234	100	2027
Arbour I/Arbour II *Huangpu District, Shanghai*	Residential/ Commercial	86,668	412,554	98	2026
Hu Ji Gang Wan *Xuhui District, Shanghai*	Residential	20,044	58,590	100	2027
China Overseas Haichaolu TOD Project *Shangcheng District, Hangzhou*	Residential/ Commercial	56,295	312,945	100	2028
Infinite Horizons *Binjiang District, Hangzhou*	Residential/ Commercial	30,459	145,515	100	2026
The Bund Mansion *Haishu District, Ningbo*	Residential	51,976	179,328	100	2026
Starry Enchantment *Huaiyin District, Jinan*	Residential	47,127	201,087	100	2026
Avery Mansion *Lixia District, Jinan*	Residential	48,099	203,504	100	2027
Timeless Realm *Lixia District, Jinan*	Residential	60,971	224,902	100	2027
Dong Hu Jiu Zhang *Wuchang District, Wuhan*	Residential	53,685	309,527	100	2026
Glory Manor *Yanta District, Xi'an*	Residential/ Commercial	84,876	444,775	100	2026
One Sino Residences *Qingyang District, Chengdu*	Residential/ Commercial	74,366	194,078	100	2026
Infinite Horizons *Xicheng District, Beijing*	Residential	44,990	172,090	100	2027
Chang An Jiu Zhang *Shijingshan District, Beijing*	Residential	37,380	167,660	100	2027
Origin of Ideal *Shijingshan District, Beijing*	Residential	30,625	134,125	100	2027
Habitat *Chaoyang District, Beijing*	Residential/ Commercial	47,972	192,284	100	2027

Name of Property and Location	Intended Use	Site Area (square metres)	GFA (square metres)	The Group's Interest (per cent.)	Completion Year
Beijing Corniche *Chaoyang District, Beijing*	Residential	27,910	125,153	100	2026
Eternal Beijing *Chaoyang District, Beijing*	Residential	22,027	86,796	100	2026
Lumina Legacy *Shijingshan District, Beijing*	Residential	33,896	127,060	100	2026
Rivendell *Shijingshan District, Beijing*	Residential	41,652	105,309	100	2026
Splendor Mansion *Fengtai District, Beijing*	Residential	67,672	247,366	100	2027
One Sino Residences *Fengtai District, Beijing*	Residential	27,422	100,680	100	2026
Anlan Beijing *Haidian District, Beijing*	Residential	39,738	130,592	100	2026
The Future Realm *Changping District, Beijing*	Residential/ Commercial	33,526	75,530	80	2026
One Sino Residences *Fengtai District, Beijing*	Residential	39,573	131,485	100	2026
Middle Museum/ Park Villa *Qiaoxi District, Shijiazhuang*	Residential	63,811	179,407	100	2026
Aura Rhythms *Nankai District, Tianjin*	Residential/ Commercial	40,444	124,652	100	2026
Grand Mayfair I/ Grand Mayfair II *Kam Tin South, Hong Kong*	Residential	41,687	114,896	33.3	2027
The Knightsbridge *Kai Tak District, Hong Kong*	Residential/ Commercial	9,765	107,760	18	2025
KT Marina *Kai Tak District, Hong Kong*	Residential	16,385	142,217	20	2026
Twin Victoria *Kai Tak District, Hong Kong*	Residential	5,548	45,274	50	2025
Victoria Voyage *Kai Tak District, Hong Kong*	Residential/ Commercial	18,353	157,976	30	2025
Double Coast *Kai Tak District, Hong Kong*	Residential	9,583	67,081	30	2025

Property Sales

Property sales include both pre-sales and sales of completed properties in a particular period. The Group and its joint ventures and associates sold a total GFA of approximately 10.6 million square metres in 2025.

The table below sets out information regarding the level of property sales by region of the Group and its joint ventures and associates in 2024 and 2025.

	Property Sales in Value		Property Sales in Sales Area	
	2024	2025	2024	2025
	(RMB billions)		('000 square metres)	
Southern Region	59.28	48.33	1,579	1,370
Eastern Region	99.04	36.70	1,818	1,484
Central and Western Region	27.51	20.34	1,858	1,350
Northern Region	55.94	69.59	1,861	2,443
Hong Kong, Macau and Overseas Region	3.54	2.28	17	19
Sub-total for the Group	245.31	177.24	7,133	6,666
Joint Ventures and Associates (excluding COGO)	25.27	41.80	870	957
COGO	40.11	32.19	3,484	2,938
Total	**310.69**	**251.23**	**11,487**	**10,561**

Land Reserve

The Group primarily acquires land in first-tier and second-tier cities and districts in the Chinese Mainland to support its property development growth and to allow it greater balance in the distribution of its investment across the Chinese Mainland.

As at 31 December 2025, the Group and its joint ventures and associates (excluding COGO) had a total land reserve of approximately 25.3 million square metres in GFA (with an attributable GFA of approximately 22.9 million square metres), while COGO had a total land reserve of approximately 12.0 million square metres in GFA (with an attributable GFA of approximately 10.3 million square metres) in various cities in the Chinese Mainland as well as Hong Kong and Macau. The Group's management believes that, subject to market conditions, this reserve lays a solid foundation for sustainable development over the next several years, although it will seek to expand its land reserve opportunistically. The land reserve of the Group and its joint ventures and associates (excluding COGO) was well spread across the Chinese Mainland with approximately 30.0 per cent., 25.5 per cent., 25.8 per cent., 17.6 per cent. and 1.1 per cent. situated in the Northern Region, the Central and Western Region, the Eastern Region, the Southern Region, and Hong Kong, Macau and Overseas Region, respectively, as at 31 December 2025.

In 2025, the Group acquired 35 parcels of land in 15 Chinese Mainland cities and Hong Kong and increased its total land reserve by approximately 5.0 million square metres (with an attributable GFA of approximately 4.5 million square metres), while total GFA of land acquired by COGO was 2.9 million square metres, as more fully described below. The following table shows the land parcels acquired by the Group for the year ended 31 December 2025:

City	Name of Development Project	Attributable Interest	Land Area	Total GFA
		(per cent.)	('000 square metres)	('000 square metres)
Beijing	Fengtai District Project	100	27	101
Shenzhen	Longgang District Project	100	21	155
Zhengzhou	Jinshui District Project	100	32	108
Beijing	Changping District Project	80	34	73
Shenyang	Hunnan District Project 1	100	81	152
Beijing	Haidian District Project	100	40	119
Xiamen	Tong'an District Project	100	17	53

City	Name of Development Project	Attributable Interest	Land Area	Total GFA
		(per cent.)	('000 square metres)	('000 square metres)
Jinan	Lixia District Project 1	100	61	223
Hangzhou	Shangcheng District Project	100	56	297
Hong Kong	Mongkok District Project	100	2	25
Changchun	High-tech Industrial Development Zone Project	100	13	31
Shenyang	Hunnan District Project 2	100	103	250
Beijing	Shijingshan District Project	100	80	238
Qingdao	Huangdao District Project	100	51	157
Tianjin	Hexi District Project 1	100	49	148
Jinan	Lixia District Project 2	100	74	396
Tianjin	Hexi District Project 2	100	17	56
Shenzhen	Longhua District Project	100	22	90
Jinan	Licheng District Project 1	100	22	71
Jinan	Licheng District Project 2	100	27	89
Shanghai	Putuo District Project	100	47	166
Shanghai	Jing'an District Project	100	17	95
Shanghai	Xuhui District Project 1	50.5	104	694
Shanghai	Xuhui District Project 2	30.5	30	121
Qingdao	Shibei District Project	100	26	95
Shenyang	Huanggu District Project	100	26	72
Guangzhou	Haizhu District Project	100	34	95
Shanghai	Xuhui District Project 3	100	20	58
Shijiazhuang	Yuhua District Project	100	89	242
Shanghai	Yangpu District Project	100	14	52
Beijing	Tongzhou District Project 1	100	25	86
Chengdu	Wuhou District Project	100	18	66
Changsha	Tianxin District Project	100	28	104
Shenzhen	Nanshan District Project	100	12	76
Beijing	Tongzhou District Project 2	25	35	133
Total			**1,354**	**4,987**

Property Development Process

Development of the Group's properties usually entails six phases: land acquisition, project planning and preliminary work, design, project construction, pre-sales and sales, and after-sales services.

The typical development cycle for vacant land in the Chinese Mainland is approximately three years, whereas the development cycle for urban property projects can be longer, particularly for project sites that are not vacant at the time of acquisition.

The Group is involved in the different stages of the development process in order to control the costs, schedule and quality of its projects. Except for the design and construction of development projects, the Group oversees and largely performs all aspects of its development operations, including the selection and purchase of sites, the preparation of feasibility studies, the obtaining of government approvals for development, supervision of the design and construction of development projects, and the marketing and management of completed projects.

Site selection and product positioning

The Group undergoes a site selection process and conducts an in-depth market analysis in order to understand the trends of the property market and market prices before it commences or launches a property development. The major site selection criteria applied by the Group include the following:

- development plans (of the government) for the relevant site;
- accessibility of the site and available infrastructural support;
- consumer demand for properties in that area;
- competition from other developments in the locality;
- its convenience and the amenities close to the site (such as natural parks, greenery, schools, rivers and commercial facilities); and
- cost, investment and financial return ratios.

Land acquisition

Prior to 2002, most of the land use rights owned by the Group were obtained from other land developers, either by direct purchases or as part of a joint venture arrangement, or from the local land bureau by agreement.

For land use rights obtained after 2002, the Rules Regarding the Grant of State-Owned Construction Land Use Rights by Way of Competitive Bidding, Public Auction and Public Trading promulgated by the Ministry of Land and Resources with effect from 1 July 2002, which was revised and became effective on 1 November 2007, provided that, with limited exemptions, state-owned land use rights for the purposes of industrial and commercial use, tourism and entertainment and commodity residential properties in the Chinese Mainland can only be granted by the government through public competitive bidding, public auction or public trading on land exchanges. The property developers must pay in full the land premium for the entire parcel under the land grant contract before they can receive a land use right certificate and commence development on the land.

Financing of property developments

The Group has three main sources of funding for its property developments: internal resources, bank loans and debt financing, as well as proceeds from pre-sales. The Group's financing method varies from property to property. Generally, the Group finances its property developments with internal resources to the extent practicable and pre-sells the development where the regulatory requirements for pre-sale have been met and, where market conditions allow, in order to reduce the level of external funding required.

Design

Construction design entails all aspects of the projection and design of a property development including planning, architecture, landscaping and interior design.

Marketing and promotion

During project evaluation and before commencement of construction, the Sales and Marketing Management Department of the Group usually carries out substantial market research for particular projects, including the identification of property trends, prospects and market potential. By identifying the potential demand for, and strengths and weaknesses of, a project at an early stage, the Group is able to formulate its marketing and promotion strategies at the planning stage of each project and to target its sales efforts at potential classes of purchasers for the project throughout its development.

The Sales and Marketing Management Department is also responsible for marketing new properties developed by the Group. The Group promotes and markets its developed properties through various media outlets, including television, radio, newspapers and magazines, the Internet and billboards. The Group also participates in property exhibitions and other marketing activities.

Development, construction and management

Apart from various centralised departments that oversee and control the major steps of all the developments undertaken by the Group, the Group has established individual project companies that are responsible for day-to-day operations and project management of each individual project. The centralised departments, which include the Sales and Marketing Management Department, the Design Management Department, the Project Management Department and the Cost Management Department, assume control of all the major stages of the development, including project identification, project planning and design, and budget control through organised tenders. Each individual project company is responsible for implementing infrastructure and installation of basic utilities, engineering and supervision of day-to-day construction work.

The Group engages third-party contractors (including CSCECL) to provide various services, including construction, piling and foundation, building and property fitting-out work, interior decoration and installation of air-conditioning units and elevators. The Group's development projects are usually undertaken by contractors selected by way of open tender and it is the Group's policy to solicit bids from at least three contractors or suppliers. The tender procedures must comply with the relevant local regulations.

The Group controls development costs throughout the project's entire development process. Its in-house design team focuses on the selection of materials and construction methods to minimise costs.

Purchases from the five largest suppliers of the Group accounted for less than 30 per cent. of the Group's total purchases for the year ended 31 December 2025.

Quality management system

The Group is required to comply with relevant regulations and industry standards. Quality control procedures are in place in different functional departments of the Group as well as in each project company.

Internal guidelines have been established and are monitored to ensure control over documentation, recordkeeping, internal audit, service standards, remedial actions, preventive actions, management control, construction standards, staff quality, recruitment standards, staff training, construction supervision, supervisory inspection, monitoring and surveillance, information exchange and data analysis.

Pre-sales

The Group must apply to the relevant government authorities for pre-sale permits before commencing pre-sales of its properties. Such permits will normally be issued only when, amongst other things: (i) the land premium has been paid in full; (ii) the land use right certificate, the construction land planning permit, the construction work planning permit and the construction project building permit have been obtained; and (iii) the construction progress and the completion and delivery dates have been determined, and other conditions required by different cities' government.

Under PRC laws and regulations, the proceeds from the pre-sales of the Group's properties must be deposited in regulatory accounts. Before the completion of the pre-sold properties, the money deposited in these regulatory accounts may only be used to purchase construction material and equipment, make interim construction payments and pay taxes, subject to prior approval from the relevant local authorities. As at the date of this Offering Circular, the Group has been in compliance, in all material respects, with the relevant laws and regulations applicable to the pre-sale of properties in the Chinese Mainland.

Payment method and mortgage financing

Purchasers may pay for the Group's properties by way of a lump sum payment, payment in instalments or payment with mortgage facilities. The Group typically requires its purchasers to pay a non-refundable deposit upon entering into provisional purchase contracts. If the purchasers later decide not to enter into formal purchase contracts, the Group

will forfeit such deposits. If the purchasers choose to fund their purchases by mortgage loans provided by banks, it is their own responsibility to apply for and obtain the mortgage approvals. Upon request, the Group may also assist mortgage applicants by providing the relevant property information to expedite the application process.

Most of the Group's customers purchase their properties through mortgage financing. The Group makes arrangements with various domestic banks to provide mortgage facilities to purchasers of its properties. The Group provides guarantees to mortgagee banks in respect of mortgages offered to its customers, but only from the date of the relevant mortgage up to typically either submission of the relevant property ownership certificates by the relevant customer to the mortgagee bank or completion of the registration of the mortgage with the relevant local authority. When submission of relevant ownership certificates is required, the guarantee period for such preregistration guarantee normally lasts for up to 18 months. In other situations, the guarantee period for a preregistration guarantee is shorter. If, during the guarantee period, a borrower defaults on its repayment obligations, the Group is liable to the mortgagee bank for the amount owing to them from the borrower, but it will have the right to take possession and re-sell the mortgaged property upon satisfaction of the Group's obligations under the guarantee. Accordingly, the period in which the Group actually bears the credit risk of its customers starts from the date of the relevant mortgage and ends on the date when the registration of the mortgage with the relevant local authority is completed. In line with industry practise, the Group does not conduct independent credit checks on its purchasers but relies on the credit checks conducted by the mortgagee banks. As at 31 December 2025, the Group's outstanding guarantees over the repayment of the mortgage loans granted to purchasers of the Group's properties amounted to approximately RMB12.8 billion. The Group has not experienced any default by a significant portion of such customers under pre-registration guarantees.

After-sales services

The Group assists its customers in arranging for and providing information relating to financing, including information on potential mortgagee banks and the mortgage terms they offer. It also assists its customers in various title registration procedures relating to the properties.

The Group maintains a client relationship management system to foster customer relationships. The Customer Services Department carries out customer surveys with the purchasers normally one year after delivery of possession to seek customer feedback on the design and quality of the properties and the quality of the Group's customer and management services. Such data is then used when developing and planning new projects. The Group also has a subdivision devoted to handling customer complaints and maintenance and repair requests.

COMMERCIAL PROPERTY OPERATIONS

Commercial property operations are another source of revenue for the Group. The Group is steadfastly dedicated to the development of commercial properties and the establishment of an integrated urban operation and service platform with office buildings and shopping malls as its core, and long-term leased apartments, hotels, logistics and industrial parks and more as other elements. The Group consistently adheres to international asset management standards to create value for the cities. For the years ended 31 December 2023, 2024 and 2025, revenue from commercial property operations amounted to approximately RMB6,361.8 million, RMB7,129.3 million and RMB7,200.4million, accounting for approximately 3.1 per cent., 3.9 per cent. and 4.3 per cent. of the Group's total revenue, respectively. The Group will seek to grow this business segment as a revenue generator for the Group.

The Group's rents are generally quoted per square foot and square metre of lettable area in Hong Kong, Macau, London and the Chinese Mainland, respectively. In most cases, the rents quoted by the Group do not include property management charges and rates payable by its tenants.

Office and commercial leases are entered into for one to twenty-five year lease terms. The rental income from the investment portfolio is expected to continue to provide a stable and recurrent income base to the Group.

As at 31 December 2025, commercial properties in operation held by the Group and its joint ventures and associates (excluding COGO) comprised a total of 60 office buildings, 28 shopping malls, 25 long-term leased apartments and 14 star-rated hotels, with a total GFA of approximately 7.8 million square metres.

Major Completed Commercial Properties

The following table summarises certain of the Group's major completed commercial properties as at 31 December 2025:

Name of Property and Location	Type	Group's Interests	City	Year of Expiry of Lease Term	Total GFA
		(per cent.)			(square metres)
Jin'an China Overseas Fortune Center Tower A, B & C **Jin'an Unielite** *North Xin'an Shanty Town, Shijingshan District, Beijing*	Office Building and Shopping Mall	100	Beijing	2067	226,440
China Overseas Plaza **Jianwai Unielite** *Jianguomenwai Avenue, Chaoyang District, Beijing*	Office Building and Shopping Mall	100	Beijing	2053	145,333
China Overseas International Center of Aonan Community **Anzhen Unielite** *No. 4 Parcel at Intersection of Anding Road and Beitucheng East Road, Beijing*	Office Building and Shopping Mall	100	Beijing	2060 2050	127,824
China Overseas Property Plaza *West Bin He Road, Yong Ding Men, Dongcheng District, Beijing*	Office Building and Commercial	100	Beijing	2043	88,943
China Overseas Building Blocks C&D *Lao Gu Cheng Village JA Parcel, Shijingshan District, Beijing*	Office Building and Commercial	100	Beijing	2055	62,047
China Overseas Building *Lao Gu Cheng Village JB Parcel, Shijingshan District, Beijing*	Office Building and Commercial	100	Beijing	2053	46,950
China Overseas Property Building *No. 96 Taipingqiao Avenue, Xicheng District, Beijing*	Office Building	100	Beijing	2051	24,668
China Overseas Finance Center *Zone 1, No. 20 Luomashi Avenue, Xicheng District, Beijing*	Office Building and Commercial	100	Beijing	2044 2054	235,633
China Overseas International Center **Xintiandi Unielite** *Intersection of East Jianguo Road and Huangpi South Road, Huangpu District, Shanghai*	Office Building and Shopping Mall	100	Shanghai	2056 2046	158,930
China Overseas Center Blocks A & B **Zhenru Unipark Max** *Tongchuan Road, Putuo District, Shanghai*	Office Building and Shopping Mall	70	Shanghai	2060	428,577
China Fortune Tower *No. 1568–1588, Century Avenue, Pudong New District, Shanghai*	Office Building and Commercial	51	Shanghai	2054	95,622
China Overseas Building *Intersection of Dongting Road and Heiniucheng Road, Hexi District, Tianjin*	Office Building	100	Tianjin	2055	73,619

Name of Property and Location	Type	Group's Interests	City	Year of Expiry of Lease Term	Total GFA
		(per cent.)			(square metres)
China Overseas International Center Phase One to Three **Jiaozi Unielite** *No. 199 Jincheng Road, Gaoxin District, Chengdu*	Office Building and Shopping Mall	100	Chengdu	2047	386,810
China Overseas Building **Tianxin Unipark** *No. 111 Zhongyi Two Road, Tianxin District, Changsha*	Office Building and Shopping Mall	100	Changsha	2046	203,428
China Overseas Plaza **Heping Unipark** **Unilive Apartment (Shenyang Heping International)** *No. 372, No. 368 and No. 368A Nanjing South Street, Heping District, Shenyang*	Office Building, Shopping Mall and Long-term Leased Apartment	100	Shenyang	2054 2054 2084	302,934
China Overseas Center *No.278 Qingnian Road, Jianghan District, Wuhan*	Office Building and Commercial	100	Wuhan	2057	116,442
China Overseas Building **Gulou Unipark** *No. 39 Qingliangmen Street, Gulou District, Nanjing*	Office Building and Shopping Mall	100	Nanjing	2048	172,346
China Overseas Plaza Tower A and Tower B *Meijiatang, Rehenan Road, Gulou District, Nanjing*	Office Building and Commercial	100	Nanjing	2057	151,597
China Overseas International Center **Qianshan Unipark** *Qianhe North Road, Xiangzhou District, Zhuhai*	Office Building and Shopping Mall	90	Zhuhai	2058 2048	259,127
China Overseas Building **Mid-Town** *Bai Shi Road, Xiangzhou District, Zhuhai*	Office Building and Shopping Mall	100	Zhuhai	2060 2050	202,638
China Overseas Fortune Center *No. 9 Suzhou Avenue West, Suzhou Industrial Park, Suzhou*	Office Building and Commercial	100	Suzhou	2050	171,672
One South Place (The Helicon) *1 South Place, London, U.K.*	Office Building	100	London	Freehold	21,150
One Finsbury Circus *One Finsbury Circus, London, U.K.*	Office Building	100	London	Freehold	19,260
Carmelite House *50 Victoria Embankment, Carmelite House, London, U.K.*	Office Building	100	London	Freehold	12,447
Yinghai Unifun *Southwest of the intersection of Jingfu Road and Ying'an Street, Daxing District, Beijing*	Shopping Mall	100	Beijing	2059	92,254
Meijiang Unipark *Intersection of Jiefang South Road and Lushui Road, Hexi District, Tianjin*	Shopping Mall	100	Tianjin	2060	161,346

Name of Property and Location	Type	Group's Interests	City	Year of Expiry of Lease Term	Total GFA
		(per cent.)			(square metres)
Tianfu Unielite Phase 1 **Ascott Qinghuang Chengdu** **Unilive Apartment (Tianfu International)** *Qinhuangsi Business District, Tianfu New District, Chengdu*	Shopping Mall, Hotel and Long-term Leased Apartment	100	Chengdu	2058	102,115
Yinzhou Unipark *689 Jiangdong South Road, Yinzhou District, Ningbo*	Shopping Mall	100	Ningbo	2056	135,757
Qiandeng Lake Unipark *No. 18 Guilanzhong Road, Nanhai District, Foshan*	Shopping Mall	100	Foshan	2052	130,896
Huashanxi Unipark **The COLI Hotel** **Unilive Apartment (Huashan International)** *No. 1688 and No.1710 Jiangjun Road, Licheng District, Jinan*	Shopping Mall, Hotel and Long-term Leased Apartment	100	Jinan	2056	242,352
The COLI Hotel *No. 168 Dayun Road, Longgang District, Shenzhen*	Hotel	100	Shenzhen	2057	84,792
Grand Hyatt Shenzhou Peninsula *Shenzhou Peninsula Tourism Resort, Binhai Avenue, Dongao Town, Wanning*	Hotel	80	Wanning	2059	79,350
Kimpton Bamboo Grove *No. 168 Zhuhui Road, Gusu District, Suzhou*	Hotel	100	Suzhou	2045	28,584
Unilive Apartment (Beijing Fangshan Store) *About 90 meters away from the northeast of Xicheng International, Changhong West Road, Fangshan District, Beijing*	Long-term Leased Apartment	100	Beijing	2057	29,188
Unilive International Serviced-residence *No.3-5, Lane 99, Jingning Road, Putuo District, Shanghai*	Long-term Leased Apartment	70	Shanghai	2070	39,887

Major Commercial Properties under Construction

The following table shows certain of the Group's major investment properties under development as at 31 December 2025:

Name of Property and Location	Type	Group's Interests	City	Estimated Year of Completion	Year of Expiry of Lease Term	Total GFA
		(per cent.)				(square metres)
Shanghai Xuhui Project *Longhua Street, Xuhui District, Shanghai*	Office Building, Shopping Mall and Long-term Leased Apartment	85	Shanghai	2028	2074 2064 2094	536,306

Name of Property and Location	Type	Group's Interests	City	Estimated Year of Completion	Year of Expiry of Lease Term	Total GFA
		(per cent.)				(square metres)
City Square *East Haihe Road, Hedong District, Tianjin*	Office Building	51	Tianjin	2026	2066	238,654
Qinhuangsi No. 1 Site Project *Xinglong Street, Tianfu New District, Chengdu*	Office Building, Shopping Mall and Hotel	100	Chengdu	2027	2058	555,500

OTHER BUSINESSES

The Group is also involved in a range of other businesses including material procurement and supply chain management services, provision of construction and building design consulting services and others. These property-related businesses supplement the Group's property development and commercial property operation businesses.

Material Procurement and Supply Chain Management Services

The Group operates its material procurement and supply chain management services through a subsidiary, Shenzhen Lingchao Supply Chain Management Co., Ltd ("**Shenzhen Lingchao Supply Chain**"). As a developer of the building materials supply chain, Shenzhen Lingchao Supply Chain is committed to providing high-quality, high-efficiency supply chain solutions for the construction industry through technological innovation and service optimisation.

During 2025, Shenzhen Lingchao Supply Chain was invited to participate in the 2025 ESG China Innovation Annual Conference, the 2025 BEYOND International Technology Innovation Expo, and the National Professional Exhibition – Good House Technology Exhibition. It also hosted a sub-forum on "Procurement and Supply Chain Management in State-owned Construction Enterprises" and continued to initiate and organise the 'Supplier Ecosystem Co-creation Salon' series of events, aiming to promote synergistic and mutually beneficial development along the industrial chain. In addition, Shenzhen Lingchao Supply Chain was officially recognised as both a Shenzhen Headquarters Enterprise and a Nanshan District Green Channel Enterprise. It also passed the surveillance audits of the three major ISO management systems (Quality, Environment, and Occupational Health & Safety), earning multiple accreditations and government honours. During the year, material procurement and supply chain management services achieved external revenue of RMB3.66 billion, representing a year-on-year increase of 36.1%.

Construction and Building Design Services

The Group operates its construction and building design consultancy services business through a subsidiary, Hua Yi, which has established a strong reputation in the industry for its exceptional project design services. In 2025, Hua Yi was recognised as a "Guangdong Construction Green and Prefabricated Development Association Advanced Unit", a "Guangdong Civil Engineering & Construction Technology Innovation Advanced Enterprise", and an "China State Construction Engineering Corporation Advanced Unit".

Senior Living and Elderly Care Business

Adhering to the core philosophy being "customer-oriented", the Group has established a dual model of "Space and Services" for its standardised senior living products. On the spatial side, this comprises four replicable business elements: specialised dementia care units, active living apartments, senior living apartments, and nursing support. It offers seven categories of services covering residential care, medical services, dining, personal care, rehabilitation, recreational activities and business services, accommodating flexible packages including long-term residency, short stays and trial experiences. By combining standardised product portfolios with tailored service configurations, the Group achieves rapid project implementation, boosts operational efficiency, and provides a core foundation for scalable expansion. In advancing social collaboration and silver economy initiatives, the Group piloted Shanghai Zhenru Unipark MAX as China's first benchmark 'senior-friendly commercial district'. Through the innovative model of "Activation of Financial Functions on Social Security Cards+ Exclusive discounts", the Group has partnered with

more than 40 merchants to offer targeted benefits. At the same time, it has established the "China Overseas Seniors Club", which organises activities such as drama, singing, anti-fraud workshops and more, forming a diverse ecosystem of "consumption, services and social interaction". These initiatives have received in-depth media coverage by authoritative media such as China Central Television and the People's Daily. In addition, the Group successfully hosted the launch ceremony for Shanghai's "Silver Life Consumption Season", drawing participation by senior officials from the Municipal Civil Affairs Bureau and the Municipal Commission of Commerce, showcasing the Group's cross-industry innovation capabilities as a state-owned enterprise.

COMPETITION

The property market in the Chinese Mainland is highly fragmented and there is no dominant market player. The Group's existing and potential competitors include major domestic state-owned, collectively-owned and private developers and foreign developers from the rest of Asia (including several leading developers from Hong Kong).

With respect to its commercial properties, the Group competes with other major property developers to attract residential, commercial and industrial tenants and to draw customers to the retail outlets and carparks in its developments. The Group competes for tenants, primarily based upon the quality and location of its buildings, its reputation as a building owner and the quality of its support services.

The Group regards China Resources Land Ltd., Poly Developments and Holdings Group Co., Ltd. and China Merchants Shekou Industrial Zone Holdings Co., Ltd. as other major participants in the national property market in the Chinese Mainland. In addition, the Group competes with local property developers in each of the regions and cities in which it operates.

DEBT MATURITY

The maturities of the Group's bank loans and guaranteed notes and corporate bonds as at 31 December 2025 are set out below:

	As at 31 December 2025	
	(RMB'000)	**(U.S.$'000)**
Bank loans and guaranteed notes and corporate bond		
Within one year	42,316,128	6,051,125
More than one year	205,059,306	29,323,090
Total	**247,375,434**	**35,374,215**

EMPLOYEES

As at the date of this Offering Circular, the Group has not experienced any strikes or other disruptions that would have a material adverse effect on its operations due to labour disputes. The Group's management believes that the Group maintains a good relationship with its employees.

The Group has established a wide range of training and development programmes for its employees. In addition to providing internal courses, the Group also engages outside professionals and consultants to organise seminars and training courses to equip its employees with up-to-date industry knowledge. The Group also sponsors its employees to attend external training programmes organised by local and overseas institutions to acquire advanced knowledge and skills.

ENVIRONMENTAL AND SAFETY MATTERS

The Group is subject to PRC environmental laws and regulations as well as environmental regulations promulgated by government authorities. These include regulations on air pollution, noise emissions and water and waste discharge. Each property developed by the Group must undergo environmental assessments and an environmental impact study report needs to be submitted to the relevant government authorities before approval is granted for commencement of the property development, except for some early property developments which were approved before the applicable environmental laws were promulgated. At completion of each property, the relevant government authorities will also

need to inspect the site to ensure that applicable environmental standards have been complied with, and the resulting report is then presented together with other specified documents to the local construction administration authorities for their record.

The Group's operations are also subject to inspections by government authorities with regard to various safety and environmental issues. The Group's management believes that the Group is in compliance in all material respects with applicable governmental regulations in the jurisdictions in which the Group operates. Compliance with such laws has not had, and in management's opinion is not expected to have, a material adverse effect upon the Group's capacity, expenditure, earnings or competitive position. As at the date of this Offering Circular, the Group is not aware of any governmental proceedings or investigations to which it or any member of the Group is or might become a party and which may have a material adverse effect on its properties and operations.

LEGAL PROCEEDINGS

As at the date of this Offering Circular, the Group is not aware of the Guarantor or any of its subsidiaries being involved in any litigation or arbitration proceeding that would have a material adverse effect on the business or financial position of the Group or the Guarantor and no material litigation or claim is known by the Group to be pending or threatened against the Guarantor or any of its subsidiaries or the Group.

INSURANCE

The Group maintains insurance coverage on all of its properties under construction, third party liabilities and employer's liabilities. The insurance policies generally cover the period from the commencement of construction of the properties by the Group up to the transfer of the completed properties to its customers. Certain types of losses, however, such as war, civil disorder, acts of terrorism, earthquakes, typhoons, flooding, and other natural disasters, are not covered. This practise is consistent with what the Group's management believes to be the industry practise in the Chinese Mainland.

PRC REGULATIONS

The following discussion summarises the principal laws, regulations, policies and administrative directives to which the Group is subject.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC government. Court verdicts do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The National People's Congress of the PRC, or NPC, and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing state agencies and civil and criminal matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest organ of the state administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local laws and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws passed in June 1981, the Supreme People's Court and the Supreme People's Procuratorate, also have the power to give interpretation on the application of rules and regulations in their respective judicial or prosecutorial work. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative bodies which promulgate such laws.

THE PRC JUDICIAL SYSTEM

Under the PRC Constitution and the Law of Organisation of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts. The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organised into civil, criminal, economic and administrative divisions. The intermediate courts are organised into divisions similar to those of the basic courts, and are further organised into other special divisions, such as the intellectual property division. The higher courts supervise the basic and intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in China. It supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal against a judgement or order of a local court to the court at the next higher level. Second judgements or orders given by the court at the next higher level or the Supreme People's Court are final. First judgements or orders of the Supreme People's Court are also final. If, however,

the Supreme People's Court or a court at a higher level finds an error in a judgement which has been given in any court at a lower level, or the presiding judge of a court finds an error in a judgement which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (中華人民共和國民事訴訟法) adopted in April 1991 and last amended in September 2023 sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgement or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place where the object of the action locates. However, such selection shall not violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgement or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request for enforcement of the judgement, order or award. There are time limits imposed on the right to apply for such enforcement.

A party seeking to enforce a judgement or order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgement or order. A foreign judgement or ruling may also be recognised and enforced by the court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgement or ruling satisfies the court's examination according to the principal of reciprocity, unless the court finds that the recognition or enforcement of such judgement or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

REAL ESTATE REGULATION

Establishment of a Real Estate Development Enterprise

According to the PRC Law on Administration of Urban Real Estate (中華人民共和國城市房地產管理法), promulgated by the NPC, effective in January 1995, amended in August 2007, August 2009 and August 2019, respectively, a real estate developer is defined as an enterprise that engages in the development and operation of real estate for the purpose of making profits. Under the Regulations on Administration of Development of Urban Real Estate (城市房地產開發經營管理條例), promulgated by the State Council in July 1998, as amended in January 2011, March 2018, March 2019, March 2020 and November 2020, respectively, an enterprise that is to engage in development of real estate must satisfy the following requirements, in addition to other enterprise establishment conditions provided in relevant laws and administrative regulations:

(i) its registered capital must be RMB1 million or more; and

(ii) it must have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom must hold the relevant qualification certificate.

The local government of a province, autonomous region or municipality directly under the PRC central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a real estate developer.

To establish a real estate development enterprise, the developer must apply for registration with the administration for industry and commerce (currently known as the administration for market regulation). The developer must also report its establishment to the real estate development authority in the location of its registration, within 30 days of the receipt of its business licence. Where a foreign-invested enterprise is to be established to engage in the development and

operation of real estate, it must also comply with the relevant requirements under the PRC laws and administrative regulations regarding foreign-invested enterprises and apply for approvals relating to foreign investments in China.

Pursuant to the Circular on Adjusting and Perfecting the Capital System of Fixed Asset Investment Projects (關於調整和完善固定資產投資項目資本金制度的通知) issued by the State Council in September 2015, the minimum portion of the capital funding for ordinary commodity housing projects and affordable housing projects has been reduced to 20 per cent., while that for other real estate projects has been decreased to 25 per cent.

In July 2006, the Ministry of Construction, the Ministry of Commerce, the NDRC, the PBOC, State Administration for Industry and Commerce ("**SAIC**", which is currently known as the State Administration for Market Regulation or "**SAMR**") and SAFE jointly issued an Opinion on Standardising the Admittance and Administration of Foreign Capital in the Real Estate Market (關於規範房地產市場外資准入和管理的意見), which provides, among other things, that an overseas entity or individual investing in real estate in China other than for self-use must apply for the establishment of a foreign-invested real estate enterprise ("**FIREE**") in accordance with applicable PRC laws and may only conduct operations within the authorised business scope. The joint opinion attempts to impose additional restrictions on the establishment and operation of FIREE by regulating the amount of registered capital as a percentage of total investment in certain circumstances, limiting the validity of approval certificates and business licences to one year, restricting the ability to transfer equity interests of a FIREE or its projects and prohibiting the borrowing of money from domestic and foreign lenders where its registered capital is not paid up or the land use rights not obtained. In addition, the joint opinion also limits the ability of foreign individuals to purchase commodity residential properties in China.

In August 2015, the Ministry of Construction, the Ministry of Commerce, the NDRC, the PBOC, SAIC and SAFE jointly issued the Circular of the Ministry of Housing and Urban-rural Development and Other Authorities on Adjusting Policies on the Market Access and Administration of Foreign Investment in the Real Estate Market (關於調整房地產市場外資准入和管理有關政策的通知), which adjusts the relevant policies on the purchase of houses by FIREE prescribed in the joint opinion issued in July 2006. That Circular provides that: (i) the ratio of registered capital to total investment of FIREE shall be subject to the Tentative Regulations of the State Administration for Industry and Commerce on the Proportion of the Registered Capital to the Total Amount of Investment of Sino-foreign Equity Joint Ventures (關於中外合資經營企業註冊資本與投資總額比例的暫行規定); (ii) the requirement that a FIREE must fully pay its registered capital before handling the procedures for domestic loans, foreign loans, and settlement of foreign exchange loans shall be cancelled; (iii) the branches and representative offices of foreign institutions established in China (except for the companies that are approved to operate real estate businesses) and the foreign individuals that work or study in China may purchase commodity houses for the purposes of self-use or living. In the cities that implement the policies of restriction on house purchasing, the foreign individuals shall satisfy such local policies before purchasing a house; and (iv) as from the date of this Circular, FIREE may directly apply to the banks for the foreign exchange registration related to foreign direct investment in accordance with the relevant rules on foreign exchange administration.

In May 2007, the Ministry of Commerce and SAFE issued the Circular on Strengthening and Regulating the Examination and Approval and Supervision of Foreign Direct Investment in the Real Estate Sector ("**Circular 50**") (關於進一步加強規範外商直接投資房地產業審批和監督的通知) as amended in October 2015. Under Circular 50, prior to applying for establishment of real estate companies, foreign investors must first obtain land use rights and building ownership or must have entered into pre-sale or pre-grant agreements with respect to the land use rights or building ownership. If foreign-invested enterprises in China engage in real estate development or operations or if FIREEs in China engage in new real estate project developments, they must first apply to the relevant PRC governmental authorities to expand their scope of business or scale of operations in accordance with the PRC laws and regulations related to foreign investments. In addition, the local PRC governmental authorities must file with the Ministry of Commerce to record their approvals of establishment of FIREEs, and must exercise due control over foreign investments in high-end properties. Foreign exchange authorities may not allow capital-account foreign exchange sales and settlements by FIREEs that have been established in contravention of these requirements.

In connection with the filing requirement, the Ministry of Commerce issued the Notice on Strengthening the Administration of the Examination and Approval and Record Filling of Foreign Investment in the Real Estate Sector

(關於加強外商投資房地產業審批備案管理的通知) in November 2010 to authorise the competent ministry of commerce at the provincial level to verify and check the filing documents.

Qualifications of a Real Estate Developer

Under the Provisions on Administration of Qualifications, a real estate developer must apply for registration of its qualifications according to such Provisions on Administration of Qualifications. An enterprise is prohibited from engaging in property development without a qualification classification certificate for real estate development. MOHURD oversees the qualifications of real estate developers with national operations, and local real estate development authorities at or above the county level oversee the qualifications of local real estate developers.

In accordance with the Provisions on Administration of Qualifications, real estate developers are classified into two classes, including:

Class 1 applications for Grade 1 qualification shall be preliminarily reviewed by the housing and urban-rural development authorities at the provincial level, and finally approved by MOHURD. A Grade 1 qualified real estate developer is subject to no restrictions on the construction scale of real estate projects it undertakes, and may carry out real estate development businesses nationwide without territorial limits.

Class 2 Grade 2 qualification applications shall be approved by the provincial housing and urban-rural development authorities, or districted municipal real estate development competent authorities designated by such provincial authorities. A Grade 2 qualified real estate developer may only undertake development and construction projects with a total gross floor area (GFA) of less than 250,000 square metres.

Under the relevant PRC laws and regulations, the real estate development authorities will examine applications for registration of qualifications submitted by real estate developers by considering, among others, the professional personnel in their employ, financial condition and operating results. A real estate developer that passes the qualification examination will be issued a qualification certificate of the relevant class with a validity period of three years, by the qualification examination authority. A developer of any qualification classification may only engage in the development and sale of real estate within its approved scope of business and may not engage in business which is limited to another classification.

Development of a Real Estate Project

Property development projects with foreign partners does not fall within the restricted category of the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version) (外商投資准入特別管理措施(負面清單) (2024 年版)).

Under the Interim Regulations of the People's Republic of China on Grant and Assignment of the Use Right of State-owned Urban Land (城鎮國有土地使用權出讓和轉讓暫行條例), promulgated by the State Council in May 1990 and amended in November 2020, China adopted a system to grant and assign the right to use state-owned land. A land user must pay a land premium to the state as consideration for the grant of the right to use a land site within a specified period of time, and the land user may assign, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the relevant PRC laws and regulations, the land administration authority at the city or county level may enter into a land grant contract with the land user to provide for the grant of land use rights. The land user must pay the land premium as provided by the land use rights grant contract. After payment in full of the land premium, the land user may register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights. The relevant PRC laws and regulations provide that land use rights for a site intended for real estate development must be obtained through grant except for land use rights which may be obtained through premium-free allocation by the PRC government pursuant to the PRC laws or the stipulations of the State Council. Government-allocated land is not allowed to be transferred unless the transfer is approved by the relevant PRC government authorities and the land premium as determined by the relevant PRC government authorities has been paid.

When carrying out the feasibility study for a construction project, the construction or the developer entity must make a preliminary application for construction on the relevant site to the relevant land administration authority in

accordance with the Measures for Administration of Examination and Approval for Construction Sites (建設用地審查報批管理辦法), promulgated by the Ministry of Land and Resources in March 1999, as amended in November 2010 and November 2016. After receiving the preliminary application, the land administration authority will carry out preliminary examinations of various aspects of the construction project in compliance with the overall zoning plans and land supply policy of the government, and will issue a preliminary approval in respect of the project site if its examination proves satisfactory. The land administration authority at the relevant city or county will sign a land use rights grant contract with the land user and issue an approval for the construction site to the construction entity or the developer.

Under the Measures for Control and Administration of Grant and Assignment of Right to Use Urban state-owned Land (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by the Ministry of Construction in December 1992 and amended in January 2011, the grantee under a land grant contract (i.e. a real estate developer) must further apply for a permit for construction site planning from the relevant municipal planning authority. Planning and design proposals in respect of a real estate development project are subject to relevant reporting and approval procedures required under the Law of the People's Republic of China on Urban and Rural Planning (中華人民共和國城鄉規劃法), promulgated by the National People's Congress in October 2007 and amended in April 2015 and April 2019 and local statutes on municipal planning. Upon approval by the authorities, a permit for construction works planning will be issued by the relevant municipal planning authority.

In accordance with the Regulations for the Expropriation of Buildings on State-owned Land and Compensation (國有土地上房屋徵收與補償條例), promulgated by the State Council in January 2011, where a building on a state-owned land is expropriated for public interest, the owner of the expropriated building shall be fairly compensated, and the corresponding right to use such state-owned land shall be retracted at the same time. The Compensation shall be made before relocation in building expropriation, and real estate developers are prohibited from involvement in relocation activities.

When the site has been properly prepared and is ready for the commencement of construction works, the developer must apply for a permit for commencement of works from the construction authorities at or above the county level according to the Administrative Measures for Construction Permits of Construction Projects (建築工程施工許可管理辦法), promulgated by the Ministry of Housing and Urban-Rural Development in June 2014 and amended in September 2018 and March 2021, respectively. According to the Notice Regarding Strengthening and Regulating the Administration of Newly-commenced Projects (關於加強和規範新開工項目管理的通知), issued by the General Office of the State Council on 17 November 2007, before commencement of construction, all kinds of projects shall fulfil certain conditions, including, among other things, compliance with national industrial policy, development plan, land supply policy and market access standard, completion of all approval and filing procedures, compliance with zoning plans in terms of site and planning, completion of proper land use procedures and obtaining proper environmental valuation approvals and construction permits or reports.

The development of a real estate project must comply with various laws and legal requirements on construction quality, safety standards and technical guidance on architecture, design and construction work, as well as provisions of the relevant contracts. On 30 January 2000, the State Council promulgated and implemented the Regulations on the Quality Management of Construction Projects (建設工程質量管理條例) as amended on 7 October 2017 and 23 April 2019, which sets the respective quality responsibilities and liabilities for developers, construction companies, reconnaissance companies, design companies and construction supervision companies. In August 2008, the State Council issued the Regulations on Energy Efficiency for Civil Buildings (民用建築節能條例) which reduces the energy consumption of civil buildings and improves the efficiency of energy utilisation. According to this regulation, the design and construction of new buildings must meet the mandatory criteria on energy efficiency for buildings, and failure to meet such criteria will result in neither commencement of construction nor acceptance upon completion. Among other things, this regulation sets forth additional requirements for property developers in the sale of commodity buildings in this respect. After completion of construction works for a project, the real estate developer must organise an acceptance examination by relevant government authorities and experts according to the Provisions on Inspection Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收規定) promulgated by the Ministry of Housing and Urban-Rural Development in December 2013, and file with the

construction authority at or above the county level where the project is located within 15 days after the construction is qualified for the acceptance examination according to the Administrative Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法), promulgated by the Ministry of Construction in April 2000, as amended in October 2009. A real estate development project may not be delivered until and unless it has satisfactorily passed the necessary acceptance examination. Where a property project is developed in phases, an acceptance examination may be carried out for each phase upon completion.

Pursuant to the Interim Regulations on Real Estate Registration (不動產登記暫行條例) promulgated by the State Council in November 2014, effective from March 2015, and as amended in March 2019 and March 2024, respectively, the PRC government applies a uniform registration system for real estate, including both land use rights and property ownership rights.

Land for Property Development

In April 1988, the National People's Congress amended the PRC Constitution to permit the transfer of land use rights in accordance with the laws and regulations. In December 1988, the Standing Committee of the National People's Congress amended the Land Administration Law (中華人民共和國土地管理法) to permit the transfer of land use rights in accordance with the laws and regulations.

On 3 January 2008, the State Council issued the Notice on Promoting Economisation of Land Use (關於促進節約集約用地的通知), which emphasised the strict implementation of the policy for handling idle land. According to this notice, land which has been idle for two years and which should be repossessed pursuant to the laws shall be repossessed by the government at no consideration for reuse; for land which does not meet all the legal requirements for repossession, their use shall be altered, or the idle land shall be exchanged for another piece of land of equal value, or it shall be temporarily used for alternative purposes or be treated as government land reserve temporarily pending further consideration on its use. For land which has been idle for one full year but less than two years, an idle land fee shall be charged at 20 per cent. of the value of the land grant or allocation premium.

Under current PRC laws and regulations on land administration, land for property development may be obtained only by grant except for land use rights obtained through allocation. Under the Regulations on the Grant of State-owned Construction Land Use Rights Through Public Tender, Auction and Listing-for-Sale (招標拍賣掛牌出讓國有土地使用權規定) promulgated by the Ministry of Land and Resources, promulgated in May 2002 and amended in September 2007, land for commercial use, tourism, entertainment and commodity housing development must be granted by public tender, auction or listing-for-sale. Under these regulations, the relevant land administration authority at city or county level, or the grantor, is responsible for preparing the public tender or auction documents and must make an announcement 20 days prior to the day of public tender or auction with respect to the particulars of the land parcel and the time and venue of the public tender or auction. The grantor must also verify the qualification of the bidding and auction applicants, accept an open public auction to determine the winning tender or hold an auction to ascertain a winning bidder. The grantor and the winning tender or bidder will then enter into a confirmation followed by the execution of a contract for assignment of state-owned land use rights. Over the years, the Ministry of Land and Resources has promulgated further rules and regulations to define the various circumstances under which the state-owned land use rights may be granted by means of public tender, auction and listing-for-sale or by agreement.

Under the Regulation on Grant of State-owned Land Use Rights by Agreements (協議出讓國有土地使用權規定), promulgated by the Ministry of Land and Resources on 11 June 2003, except for the project that must be granted through tender, auction and listing as required by the relevant laws and regulations, land use right may be granted through transfer by agreement and the land premium for the transfer by agreement of the state-owned land use right shall not be lower than the benchmark land price.

The Urgent Notice on Further Governing and Rectifying Land Market and Strengthening Administration of Land (關於深入開展土地市場治理整頓嚴格土地管理的緊急通知), issued by the General Office of the State Council on 29 April 2004, restated the principle of strict administration of the approval process for the construction land and protection of the basic farmlands.

The Notice on Issues Relating to Strengthening the Land Control (關於加強土地調控有關問題的通知), promulgated by the State Council on 31 August 2006, sets forth the administration of the receipt and disbursement of the land premium, modifies the tax policies relating to the construction land, and builds up the system of publicity for the standards of the lowest price with respect to the granted state-owned land use right.

In September 2007, the Ministry of Land and Resources further promulgated the Regulations on the Grant of State-owned Construction Land Use Rights Through Public Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有建設用地使用權規定) to require that land for industrial use, except land for mining, must also be granted by public tender, auction and listing-for-sale. Only after the grantee has paid the land premium in full under the land grant contract can the grantee apply for the land registration and obtain the land use right certificates. Furthermore, land use rights certificates may not be issued in proportion to the land premium paid under the land grant contract.

In October 2007, the Standing Committee of National People's Congress promulgated the PRC City and Countryside Planning Law (中華人民共和國城鄉規劃法), as amended in April 2015 and April 2019, pursuant to which a construction land planning permit must be obtained from the relevant urban and rural planning government authorities for building any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area.

In November 2009, the Ministry of Finance, the Ministry of Land and Resources, the PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant (關於進一步加強土地出讓收支管理的通知). The notice raises the minimum down payment for land premiums to 50 per cent. and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions.

In May 2012, the Ministry of Land and Resources and the NDRC issued the Catalogue for Restricted Land Use Projects (2012 Version) (限制用地項目目錄(2012 本)) and the Catalogue for Prohibited Land Use Projects (2012 Version) (禁止用地項目目錄(2012 本)), which set forth a ceiling for the land granted by local governments for development of commodity housing as follows: seven hectares for small cities and towns, 14 hectares for medium-sized cities and 20 hectares for large cities.

On 22 May 2012, the Ministry of Land and Resources revised the Measures on Disposal of Idle Land (閒置土地處置辦法), which were originally published in April 1999. This amendment became effective on 1 July 2012 and includes the following significant changes or new provisions:

- Emphasising the key purposes of regulating idle land. The current version of Measures on Disposal of Idle Land re-emphasise the importance of suppressing intentional holdings of land for the purpose of resale. For example, it provides that if the real estate developer intentionally delays the commencement of construction and development for the purpose of holdings the land for resale with bad faith, and before such case is reviewed and disposed of by the government, the government should neither accept new applications for land use by the same holder of land use rights, nor register the status of transfer, lease, mortgage or information change of the land considered to be idle until sanctions have been imposed by relevant agencies;

- Readdressing the disposal method of idle land. Consistent with the April 1999 version, the amended Measures on Disposal of Idle Land once again addressed the method of disposal of idle land. If the real estate developer fails to commence the construction and development of the land for one year, the government should issue the Notice on Imposition of Land Idleness Penalty Fees to the holder of land use right. The penalty fees should be 20 per cent. of the price that the holder paid for obtaining the land use right. If the holder of land use rights failed to commence the construction and development of the land for two years, the government should issue the Notice on Decision of Revocation of Land Use Right to the holder, thereby revoking the holder's right to use land for free. However, compared with the 1999 version, the amended Measures on Disposal of Idle Land specify the procedure for determining and disposing of idle land, including:

  (1) Once relevant governmental authority suspects that a tract of land has become idle, it should initiate investigation within 30 days therefrom and issue a "notice on investigation of idle land" to the holder of land use right. The holder of land use right should submit explanatory materials about the

development condition and reason for land idleness to the government within 30 days upon the receipt of such notice;

(2) After investigation, if the government decides that the investigated land has become idle, it should issue a "notice on confirmation of idle land" to the investigated holder of land use rights, which will specify the facts and grounds for determining that the land concerned has become idle. Relevant information of the idle land will also be published on the governmental authority's official website after issuance of such notice;

(3) If the idleness of land was caused by the real estate developer rather than the government, the governmental authority is entitled to impose penalty fees for the idleness or even revoke the land use right. However, before such penalty decisions are made, the government should notify the holder of the land use rights that the holder has the right to request a hearing; and

(4) Once the government decides to impose penalty fees for land idleness, it should issue a "notice on imposition of land idleness penalty fees" to the holder of the land use rights, and the owner should pay the penalty fees within 30 days upon the receipt of the notice. If the government decides to revoke the land use right, the government should issue a "notice on decision of revocation of land use rights" to the holder, and the holder should cancel the registration of its land use rights from government's record within 30 days upon its receipt of such notice; and

- Specifying the circumstances where the delay of commencement of construction and development was caused by the government. If the delay of commencement of construction and development was caused by the government, the real estate developer will not be directly subject to penalties for delays caused by the developer itself. The amended Measures on Disposal of Idle Land specify the following circumstances where the delay of commencement of construction and development is considered to be caused by the government:

  (1) Where the land fails to be delivered to the holder of the land use rights in accordance with the time limit and conditions as prescribed in the land transfer contract or the land allocation decision, with the result that the conditions for commencing the construction and development of the project are not met;

  (2) Where relevant land-use planning is modified, with the result that the owner of the land use rights cannot commence construction and development;

  (3) Where the land-use planning and construction conditions need to be modified in light of new policies issued by the government;

  (4) Where the construction and development of the land cannot be commenced due to complaints lodged by the general public in connection with the land;

  (5) Where the construction and development of the land cannot be commenced due to military control or protection of historic and cultural relics; and

  (6) Where other acts of any government or governmental agency cause the delay.

Pursuant to the Civil Code of the PRC (中華人民共和國民法典), promulgated by the National People's Congress in May 2020 and effective from January 2021, when the term of the right to use construction land for residential (but not other) purposes expires, it will be renewed automatically. Unless it is otherwise proscribed by any law, the owner of construction land use rights has the right to transfer, exchange such land use rights, or use such land use rights as equity contributions or collateral for financing.

Sale of Commodity Houses

Under the Measures for Administration of Sale of Commodity Houses (商品房銷售管理辦法), promulgated by the Ministry of Construction in April 2001, sale of commodity houses can include both sales before the completion of the properties, or pre-sale, and sales after the completion of the properties.

Any pre-sale of commodity buildings must be conducted in accordance with the Measures for Administration of Pre-sale of Commodity Buildings in Urban Area (城市商品房預售管理辦法) promulgated by the Ministry of Construction in November 1994, as amended in August 2001 and July 2004, and other related regulations. The pre-sale regulations provide that any pre-sale of commodity properties is subject to specified procedures. According to the current PRC laws and regulations, a pre-sale permit must be in place before a commodity building may be put to pre-sale. Specifically, a developer intending to sell a commodity building before its completion must apply to the real estate development authorities for a pre-sale permit. A commodity building may be sold before completion only if:

- the purchase price has been paid in full for the grant of the land use rights involved and a land use rights certificate has been properly obtained;
- a construction project planning permit and a construction commencement permit have been properly obtained;
- funds invested in the development of the commodity buildings for pre-sale represent 25 per cent. or more of the total investment in the project and the construction progress as well as the completion and delivery dates have been properly ascertained; and
- a pre-sale permit has been obtained.

The pre-sale proceeds of commodity buildings must be used to develop the relevant project so presold. Commodity buildings may be put to post-completion sale and delivery after they have passed the acceptance examination and otherwise satisfy the various preconditions for such sale. Before the post-completion sale of a commodity building, the developer must, among other things, submit a real estate development project manual and other documents relating to the project evidencing the satisfaction of the preconditions for post-completion sale to the real estate development authority for its record.

On 16 March 2011, the NDRC promulgated the Regulation on Price of Commodity Property (商品房銷售明碼標價規定), which became effective on 1 May 2011. According to the regulation, property developers are required to make public the sale price of each apartment of commodity properties for sale or pre-sale and the number of apartments available for sale or pre-sale within a certain time period. Property developers are also required to state factors that would affect housing prices and relative charges before the property transaction, such as a commission fee and property management fee. No additional charge beyond what is stated in the price tag or made public by the property developers is permitted.

Transfer of Real Estate

According to the PRC laws and the Provisions on Administration of Transfer of Urban Real Estate (城市房地產轉讓管理規定), promulgated by the Ministry of Construction in August 1995, as amended in August 2001, a real estate owner may sell, gift or otherwise legally transfer the property to another natural person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred together. The parties to a transfer must enter into a written real estate transfer contract and register the transfer with the real estate administration authority having jurisdiction over the location of the real estate within 90 days of the execution of the transfer contract.

Where the land use rights are originally obtained by grant, the real property may only be transferred on the condition that:

- the land premium has been paid in full for the granted land use rights as required by the land grant contract and a land use rights certificate has been properly obtained; and
- in the case of a project in which buildings are being developed, development representing more than 25 per cent. of the total investment has been completed; or
- in case of a whole land lot development project, construction works have been carried out as planned, water supply, sewerage, electricity supply, heat supply, access roads, telecommunications and other infrastructure or utilities have been made available, and the site has been levelled and made ready for industrial or other construction purposes.

If the land use rights are originally obtained by grant, the term of the land use rights after transfer of the real estate will be the remaining portion of the original term in the land grant contract. In the event that the assignee intends to change the use of the land provided in the land grant contract, consent must first be obtained from the original land use rights grantor and the planning administration authority at the relevant city or county and an agreement to amend the land grant contract or a new land grant contract must be signed in order to, inter alia, change the use of the land and adjust the land premium accordingly.

If the land use rights are originally obtained by allocation, such allocated land use right may be changed to granted land use rights upon approval by the government vested with the necessary approval power as required by the State Council. After the government authorities vested with the necessary approval power approve such change, the grantee must complete the formalities for the grant of the land use rights and pay the land premium according to the relevant statutes. Assignment of land for commercial use, tourism, entertainment and commodity housing development must be conducted through public tender, auction or listing-for-sale under the current PRC laws and regulations.

Leases of Buildings

Under the PRC laws and the Measures for Administration of Leases of Commodity House (商品房屋租賃管理辦法), promulgated by the Ministry of Housing and Urban-rural Construction in December 2010 that became effective in February 2011, parties to a lease of a building must enter into a lease contract in writing. China has adopted a system to register the leases of real properties. When a lease contract is signed, amended or terminated, the parties must register the details with the real estate administration authority at the city or county in which the building is situated.

Mortgages of Real Estate

Under the PRC Urban Real Estate Administration Law (中華人民共和國城市房地產管理法), promulgated by the Standing Committee of the National People's Congress in July 1994, as amended in August 2007 and August 2009, respectively, the Civil Code of the PRC, and the Measures for Administration of Mortgages of Urban Real Estate (城市房地產抵押管理辦法), promulgated by the Ministry of Construction in May 1997, as amended in August 2001, when mortgage is created on the ownership of a building legally obtained, such mortgage must be simultaneously created on the land use rights of the land on which the building is situated. The mortgagor and the mortgagee must sign a mortgage contract in writing. China has adopted a system to register mortgages of real estate. After a real estate mortgage contract has been signed, the parties to the mortgage must register the mortgage with the real estate administration authority at the location where the real estate is situated. A real estate mortgage contract will become effective on the date of registration of the mortgage. If a mortgage is created on the real estate in respect of which a property ownership certificate has been legally obtained, the registration authority will, when registering the mortgage, make an entry under "third party rights" on the original property ownership certificate and then issue a certificate of third party rights to the mortgagee. If a mortgage is created on the commodity building put to pre-sale or on works in progress, the registration authority will, when registering the mortgage, record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved will re-register the mortgage of the real property after issue of the certificates evidencing the rights and ownership to the real estate.

According to the Circular on Further Strengthening the Management of Loans for Property Business (關於進一步加強房地產信貸業務管理的通知) issued by the PBOC in June 2003, all banks must comply with the following requirements before granting residential development loans, individual home mortgage loans and individual commercial property mortgage loans:

- Property development loans from banks may only be granted to real estate developers with development qualification and credit ratings in the higher categories. Such loans may be offered to residential projects with good market potential. While the borrowing enterprise's internal capital may not be less than 30 per cent. of the total investment required for the project, the project must have obtained the land use rights certificate, construction land planning permit, construction project planning permit and construction commencement permit.

- In respect of the grant of individual commercial use building mortgage loans, the mortgage ratio for commercial use building mortgage loans may not exceed 60 per cent. with a maximum loan period of 10 years and the subject commercial use building already completed.

The initial capital outlay requirement was increased to 35 per cent. by CBRC, in August 2004 pursuant to its Guidance on Risk Management of Property Loans Granted by Commercial Banks (商業銀行房地產貸款風險管理指引).

In a Circular on Facilitating the Continuously Healthy Development of Property Market (關於促進房地產市場持續健康發展的通知), issued by the State Council in August 2003, a series of measures were adopted by the government to control the property market. They included, among others, strengthening the construction and management of low-cost affordable houses, increasing the supply of ordinary commodity houses and controlling the construction of high-end commodity houses. Besides, the government also staged a series of measures on the lending for residential development, including, among others, improving the loan evaluation and lending process, improving the guarantee mechanism of individual home loans and strengthening the monitoring over property loans.

In September 2007, the PBOC and CBRC promulgated a Circular on Strengthening the Management of Commercial Real-estate Credit Loans (關於加強商業性房地產信貸管理的通知) with a supplement (中國人民銀行、中國銀行業監督管理委員會關於加強商業性房地產信貸管理的補充通知) issued in December 2007.

This circular aims to tighten the control over real-estate loans from commercial banks to prevent granting excessive credit. The measures include:

- for a first-time homeowner, increasing the minimum amount of down payment to 30 per cent. of the purchase price of the underlying property if the underlying property has a unit floor area of 90 square metres or more and the purchaser is buying the property as his/her own residence;
- for a second-time home buyer, increasing (i) the minimum amount of down payment to 40 per cent. of the purchase price of the underlying property and (ii) the minimum mortgage loan;
- interest rate to 110 per cent. of the relevant PBOC benchmark one-year bank lending interest rate. If a member of a family (including the buyer, his/her spouse and their children under 18) has financed the purchase of a residential unit, any member of the family that buys another residential unit with bank loans will be regarded as a second-time home buyer;
- for a commercial property buyer, (i) requiring banks not to finance any purchase of pre-sold properties, (ii) increasing the minimum amount of down payment to 50 per cent. of the purchase price of the underlying property, (iii) increasing the minimum mortgage loan interest rate to 110 per cent. of the relevant PBOC benchmark one-year bank lending interest rate and (iv) limiting the terms of such bank loans to no more than 10 years, although the commercial banks are given certain flexibility based on its risk assessment;
- for a buyer of commercial/residential dual-purpose properties, increasing the minimum amount of down payment to 45 per cent. of the purchase price of the underlying property, with the other terms to be decided by reference to commercial properties; and
- prohibiting commercial banks from providing loans to real-estate developers who have been found by relevant government authorities to be hoarding land and properties.

In addition, commercial banks are also banned from providing loans to the projects that have less than 35 per cent. of capital funds (proprietary interests), or fail to obtain land use right certificates, construction land planning permits, construction project planning permits or construction commencement permits. Commercial banks are also prohibited from accepting commercial premises that have been vacant for more than three years as collateral for loans. In principle, real-estate development loans provided by commercial banks should only be used for the projects where the commercial banks are located. Commercial banks may not provide loans to property developers to finance the payment of land premium.

According to the Notice on Extending the Downward Range of the Interest Rate for Commercial Personal Home Loans and Supporting the Residents in First-time Purchase of Ordinary Residential Homes (關於擴大商業性個人住

房貸款利率下浮幅度等有關問題的通知), issued by the PBOC on 22 October 2008, the minimum amount of down payment has been adjusted to 20 per cent. since 27 October 2008.

In May 2009, the State Council issued the Notice on Adjusting the Proportions of Capital for Fixed Asset Investment Projects (關於調整固定資產投資項目資本金比例的通知), setting the minimum proportion of capital funds for affordable housing projects and ordinary commodity residential property projects at 20 per cent., and the minimum proportion of capital funds for other property development projects at 30 per cent.

In January 2010, the General Office of the State Council issued the Circular on Promoting the Stable and Sound Development of the Real Estate Market (關於促進房地產市場平穩健康發展的通知), which, among other things, provides that homeowners with outstanding mortgage loans who intend to buy additional housing properties for themselves, their spouses or dependent children are required to pay a down payment of no less than 40 per cent. of the purchase price and the applicable interest rate shall be set strictly based upon the associated risk level.

In April 2010, the State Council issued the Circular on Restraining the Housing Price from Increasing Rapidly for Some Cities (關於堅決遏制部分城市房價過快上漲的通知), which sets out rules designed to curb the rapid increase in the prices of housing in certain cities, including:

- The differentiation of mortgage financing granted to residential property buyers:

  (1) a household (including the borrower, his or her spouse and any minor children) that borrows a mortgage loan for the purchase of its first residential property, of which the building area is more than 90 square metres, must make a down payment of not less than 30 per cent. of the purchase price;

  (2) a household that borrows a mortgage loan for the purchase of its second residential property must make a down payment of not less than 50 per cent. of the purchase price and pay a mortgage rate which is not lower than 110 per cent. of the benchmark interest rate;

  (3) the down payment proportion and mortgage rate applicable to the purchase of a household's third residential property or beyond shall be significantly increased at the sole discretion of the commercial banks according to their risk controlling principles.

- In regions where commodity housing prices are too high, have increased too rapidly or where commodity housing is in short supply, commercial banks may suspend the grant of mortgage loans to any third-time (or beyond) home buyers if they deem it appropriate according to the risks involved, and may suspend the grant of mortgage loans to any non-local home buyers who are unable to provide proof of payment of local taxes or social security contributions covering a period of one year or more. Local governments may, based on the circumstances, impose temporary restrictions during a certain period of time on the number of properties that can be purchased.

In January 2011, the General Office of the State Council issued the Notice on Issues in relation to Further Improving the Regulation of the Real Estate Market (關於進一步做好房地產市場調控工作有關問題的通知), under which a household that borrows a mortgage loan for the purchase of a second residential property must make a down payment of not less than 60 per cent. of the purchase price and pay a mortgage rate which is not lower than 110 per cent. of the benchmark interest rate.

REAL ESTATE REGISTRATION

On 24 November 2014, the State Council promulgated the Interim Regulations on Real Estate Registration (不動產登記暫行條例), which was amended in March 2019, March 2014 and May 2024, respectively. According to the Interim Regulations on Real Estate Registration, a uniform registration system over real estate is implemented. Competent department of land and resources of the State Council shall, in concert with other related departments, establish an uniform basic platform for real estate registration information management.

INSURANCE

There is no mandatory provision under the PRC laws, regulations and government rules which require a property developer to take out insurance policies for its real estate developments. According to the common practise of the property industry in China, construction companies are usually required to submit insurance proposals in the course of tendering and bidding for construction projects. Construction companies must pay for the insurance premium at their own costs and take out insurance to cover their liabilities, such as third party's liability risk, employer's liability risk, risk of non-performance of contract in the course of construction and other kinds of risks associated with the construction and installation works throughout the construction period. The insurance coverage for all these risks will cease immediately after the completion and acceptance upon inspection of construction.

MEASURES ON STABILISING HOUSING PRICE

The General Office of the State Council promulgated a Circular on Effectively Stabilising Housing Price (關於切實穩定住房價格的通知) in March 2005, introducing measures to be taken to restrain the housing price from increasing too fast and to promote a stable development of the real estate market. In May 2006, the Ministry of Construction, the NDRC, the Ministry of Finance, the Ministry of Land and Resources, the PBOC, the SAT and CBRC jointly issued their Opinions on Adjusting Housing Supply Structure and Stabilising Housing Prices (關於調整住房供應結構穩定住房價格的意見) which contains the following guidance:

Where the housing price is growing too fast, while the supply of ordinary commodity houses at medium or low prices and low-cost affordable houses is insufficient, the housing construction should mainly involve projects of ordinary commodity houses at medium or low prices and low-cost affordable houses. The construction of low-density, high-end houses should be strictly controlled. The relevant local government authorities are authorised to impose conditions on planning and design such as the building height, plot ratio and green space and to impose such requirements as the selling price, type and GFA as preconditions on land assignment. The local governments are also required to strengthen their supervision of real estate developments in their jurisdictions.

- Where the price of land for residential use and the price for residential housing are growing too fast, the proportion of land supply for residential use to the total land supply should be appropriately raised, and the land supply for the construction of ordinary commodity houses at medium or low prices and low-cost affordable houses should be especially increased. Land supply for villa construction should continue to be suspended, and land supply for high-end housing property construction should be strictly restricted.

- Idle land fee must be imposed on land that has not been developed for one year from the contractual construction commencement date. Land use rights of land that has not been developed for two years must be forfeited without compensation.

- Commencing from 1 June 2005, a business tax upon transfer of a residential house by an individual within two years from his/her purchase will be levied on the entire sales proceeds from such sale. For an individual to transfer an ordinary residential house after two years from his/her purchase, the business tax will be exempted. For an individual to transfer a property other than an ordinary residential house after two years from his/her purchase, the business tax will be levied on the difference between the price of such sale and the original purchase price.

- Ordinary residential houses with medium or small GFA and at medium or low prices may be granted preferential treatment such as planning permits, land supply, credit and taxation. Houses enjoying these preferential policies must satisfy the following conditions in principle: the plot ratio is above 1.0, the GFA of one single unit is less than 120 square metres, and the actual transfer price is lower than 120 per cent. of the average transfer price of comparable houses at comparable locations. The local governments at the provincial level may, based on their actual local circumstances, formulate specific standards for ordinary residential houses that may enjoy the preferential policies.

- Transfer of unfinished commodity properties by any pre-sale purchaser is forbidden. In addition, purchasers are required to buy properties in their real names. Any commodity property pre-sale contract must also be filed with the relevant government agencies electronically immediately after its execution.

The Notice on Adjustment of the Housing Loan Policy and Deposit Rate of Excess Reserve for Commercial Banks (關於調整商業銀行住房信貸政策和超額準備金存款利率的通知), promulgated by the PBOC in March 2005, has made adjustment to individual housing loan policies of commercial banks as well as individual housing fund loan rates. Pursuant to this notice, the preferential mortgage loan interest rate was replaced by the commercial loan interest rate subject to certain restrictions on the lower limit on such interest rates. In the urban areas or cities with rapidly increased real estate prices, minimum down payment ratio for individual housing loans was adjusted from 20 per cent. to 30 per cent. In May 2006, the Ministry of Construction, the NDRC, the PBOC and other relevant PRC government authorities jointly issued their Opinions on Adjusting Housing Supply Structure and Stabilising Housing Prices (關於調整住房供應結構穩定住房價格的意見). Such opinions reiterated the existing measures and ushered additional measures that aim to further curb rapid increases in property prices in large cities and to promote healthy development of the PRC property market. These measures include:

requiring that at least 70 per cent. of the land supply approved by a local government for residential property development for any given year must be used for developing low- to medium-cost and small- to mid-size units and low-cost rental properties;

- requiring that at least 70 per cent. of residential projects approved or constructed on or after 1 June 2006 must consist of units with a unit floor area of less than 90 square metres per unit and that projects which have received approvals prior to this date but have not obtained construction commencement permits must adjust their planning in order to be in conformity with this new requirement, with the exception that municipalities under direct administration of the PRC central government, such as Beijing, Chongqing and Shanghai, provincial capitals and certain other cities may deviate from such ratio under special circumstances upon approval from the Ministry of Construction;

- increasing the minimum amount of down payment from 20 per cent. to 30 per cent. of the purchase price of the underlying property if the underlying property has a unit floor area of 90 square metres or more, effective from 1 June 2006;

- prohibiting commercial banks from lending to real estate developers with an internal capital ratio, calculated by dividing the internal funds by the total project capital required for the relevant projects, of less than 35 per cent., restricting the grant or extension of revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties, and prohibiting commercial banks from accepting commodity properties which have been vacant for more than three years as security for their loans; and

- imposing a business tax levy on the entire sales proceeds from transfer of properties if the holding period is shorter than five years, effective from 1 June 2006, as opposed to two years when such levy was initially implemented in June 2005, and allowing such business tax to be levied on the difference between the price for such resale and the original purchase price in the event that an individual transfers a property other than an ordinary residential property after five years from his/her date of purchase.

In September 2007, the Ministry of Land and Resources issued the Notice on Implementation of the State Council's Certain Opinions on Resolving Housing Difficulties for Urban Low-income Families and Further Strengthening Macro-control of Land Supply (關於認真貫徹《國務院關於解決城市低收入家庭住房困難的若干意見》進一步加強土地供應調控的通知), pursuant to which, together with the revision in December 2010, at least 70 per cent. of the land supply arranged by the relevant land administration authority at city or county level for residential property development for any given year must be used for developing low- to medium-cost and small- to medium-size units, low-cost rental properties and affordable housing.

In July 2008, the PBOC and CBRC jointly issued the Notice on Financially Promoting the Saving and Intensification of Use of Land (關於金融促進節約集約用地的通知), requiring that relevant financial institutions to strengthen the administration of construction land project loans, including the administration of commercial real estate credit loan.

In October 2008, the PBOC issued the Notice on Issues of Extending the Downward Range of the Interest Rate for Commercial Personal Home Loans (關於擴大商業性個人住房貸款利率下浮幅度等有關問題的通知), pursuant to which, since 27 October 2008, the bottom limit of the interest rate applicable to the commercial personal home loans has been extended, the minimum amount of down payment has been adjusted to 20 per cent. and the interest rate applicable to personal home loans financed by provident fund has also been reduced.

In October 2008, the Ministry of Finance and the SAT issued the Notice on the Adjustments to Taxation on Real Property Transactions (關於調整房地產交易環節稅收政策的通知), pursuant to which, together with the revision in September 2010, individuals who sell or purchase residential properties are temporarily exempted from stamp duty and who sell residential properties are temporarily exempted from land value-added tax.

In December 2008, the General Office of the State Council issued Several Opinions on Facilitating the Healthy Development of the Real Estate Market (關於促進房地產市場健康發展的若干意見), which aim to, among other things, encourage the consumption of the ordinary residence and support the real estate developer to handle the market change. Pursuant to the opinions, in order to encourage the consumption of the ordinary residence, from 1 January to 31 December 2009, business tax is imposed on the full amount of the sale income upon the transfer of a non-ordinary residence by an individual within two years from the purchase date. For the transfer of a non-ordinary residence which is more than two years from the purchase date and ordinary residence which is within two years from the purchase date, the business tax is to be levied on the difference between the sale income and the purchase price. In the case of an ordinary residence, the business tax is exempted if that transfer occurs after two years from the purchase date. Furthermore, individuals with an existing ordinary residence that is smaller than the average size for their locality may buy a second ordinary residence under favourable loan terms similar to first-time buyers. In addition, support for real estate developers to deal with the changing market is to be provided by increasing credit financing services to "low- to medium-level price" or "small- to mid-sized" ordinary commercial housing projects, particularly those under construction, and providing financial support and other related services to real estate developers with good credit standing for mergers and acquisitions activities.

In December 2009, the State Council terminated the policy on preferential treatment relating to business taxes payable upon transfers of residential properties by property owners as previously adopted in December 2008 by the PRC government in response to the global economic slowdown, and the Ministry of Finance and the SAT jointly issued the Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential Properties (關於調整個人住房轉讓營業稅政策的通知), as amended in January 2011 and March 2015, respectively, to curtail speculations in the property market in response to the property price increases across the country. Pursuant to the notice, effective from 1 January 2010, business tax will be imposed on the full amount of the sale income upon the transfer of non-ordinary residence by an individual within five years, instead of two years, from the purchase date. For the transfer of non-ordinary residence which is more than five years from the purchase date and ordinary residence which is within five years of the purchase date, the business tax is to be levied on the difference between the sale income and the purchase prices. In the case of an ordinary residence, the business tax is exempted if that transfer occurs after five years from the purchase date.

In January 2010, the General Office of the State Council issued a Circular on Facilitating the Stable and Healthy Development of Property Market (關於促進房地產市場平穩健康發展的通知) which adopted a series of measures to strengthen and improve the regulation of the property market, stabilise market expectation and facilitate the stable and healthy development of the property market. These include, among others, measures to increase the supply of affordable housing and ordinary commodity housing, provide guidance for the purchase of property, restrain speculation of properties, and strengthen risk prevention and market supervision. Additionally, it explicitly requires a family (including a borrower, his or her spouse and children under 18), who have already purchased a residence through mortgage financing and have applied to purchase a second or more residences through mortgage financing, to pay a minimum down payment of 40 per cent. of the purchase price.

In March 2010, the Ministry of Land and Resources published the Notice on Issues of Increasing the Supply of Land for Real Estate Development and the Tightening of Regulation (關於加強房地產用地供應和監管有關問題的通知). The notice contains 19 rules which provide for the inspection of land supply, law enforcement and regulation, information disclosure and other material issues, including provisions that the minimum land premium payable shall

not be less than 70 per cent. of the benchmark price for land of the same grade as that of the lot to be granted and that the competitive bid bond shall not be less than 20 per cent. of the minimum land premium. 50 per cent. of the total land premium must be paid within one month of the signing of the contract as down payment with the remainder to be paid by the time agreed in the contract, but in any event no later than one year after the signing of the contract. If a real estate developer fails to pay the land premium when due or is found to be leaving the land idle, hoarding or speculating on land, or to have undertaken land development beyond its capacity or failed to perform its obligations under the land use contract, the relevant municipal or county administrative authority shall prohibit it from participating in any competitive bidding for land within a certain period of time.

In April 2010, the Ministry of Housing and Urban-Rural Development issued the Notice on Issues Relating to the Further Strengthening of Real Estate Market Regulation and Improvement of the Pre-selling System for Commodity Housing (關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知) which stipulates that if the pre-sale permit is yet to be received for a commodity housing project, the real estate developer must not receive any form or disguised form of payment from purchasers which is in the nature of earnest money or deposit. Real estate developers are required to disclose, within 10 days of the receipt of the pre-sale permit, all the properties approved for pre-sale and the price of each unit, and to sell the properties at prices which are the same as the prices submitted in the pre-sale proposal.

In April 2010, the State Council issued the Circular on Restraining the Housing Price from Increasing Rapidly for Some Cities (關於堅決遏制部分城市房價過快上漲的通知) which sets out rules designed to curb the rapid increase in the prices of housing in certain cities, including:

- The differentiation of mortgage financing granted to residential property buyers:

  (1) a household (including the borrower, his or her spouse and any minor children) that borrows a mortgage loan for the purchase of its first residential property, of which the building area is more than 90 square metres, must make a down payment of not less than 30 per cent. of the purchase price;

  (2) a household that borrows a mortgage loan for the purchase of its second residential property must make a down payment of not less than 50 per cent. of the purchase price and pay a mortgage rate which is not lower than 110 per cent. of the benchmark interest rate;

  (3) the down payment proportion and mortgage rate applicable to the purchase of a household's third residential property or beyond shall be significantly increased at the sole discretion of the commercial banks according to their risk controlling principles.

- In regions where commodity housing prices are too high, have increased too rapidly or where commodity housing is in short supply, commercial banks may suspend the grant of mortgage loans to any third-time (or beyond) home buyers if they deem it appropriate according to the risks involved, and may suspend the grant of mortgage loans to any non-local home buyers who are unable to provide proof of payment of local taxes or social security contributions covering a period of one year or more. Local governments may, based on the circumstances, impose temporary restrictions during a certain period of time on the number of properties that can be purchased;

- The shareholders of a real estate developer must not, in violation of the regulations, provide the developer with any loan, on-lent loan, security or other facility to support the developer's participation in any competitive bidding for land or its conduct of development and construction work;

- Commercial banks are prohibited from providing loans for new development projects to real estate developers who have been found to be leaving their land idle and speculating on land, and the relevant securities regulatory authorities shall suspend the granting of approval for the listing of or any refinancing or material asset restructuring by such real estate developers; and

- For a real estate development project that has received a pre-sale permit or has completed the recording procedures for the sale of completed properties, all the properties available for sale must be disclosed within the required period of time and sold at prices which are the same as the submitted prices in the pre-sale proposal.

On 26 May 2010, the PBOC, the Ministry of Housing and Urban-Rural Development and CBRC jointly issued the Circular on Regulating the Criteria for Identifying the Second Residential Properties in Connection with Individual Commercial Housing Loans (關於規範商業性個人住房貸款中第二套住房認定標準的通知), which aims to implement the State Council's Circular on Restraining the Housing Price from Increasing Rapidly for Some Cities (關於堅決遏制部分城市房價過快上漲的通知) and mainly provides, among others, that:

- The number of set of residential properties owned by a resident household who is applying for individual commercial housing loans shall be determined by taking account of the total number of set of residential properties actually owned by the members of the household of the purchaser (including the borrower and his or her spouse and children under the age of 18 years) under their names.
- Upon the application or authorisation of the borrower, the urban real estate administration authorities at the levels of the municipalities directly under the State Council, cities with independent budgetary status, provincial capital cities and other cities that can meet the requirements of inquiry shall, through the property registration information system, check the registration record of the residential properties of the borrower's household and issue a written result of the check.
- Where the result of household residential properties registration inquiry cannot be provided for the reason that the inquiry service is not available locally for the time being, the borrower shall provide the lender with a good faith written warranty on the actual number of set of residential properties owned by his or her household. If the lender proves that such good faith warranty has been breached, it shall record a misconduct for such borrower.
- In the event of occurrence of any of the following circumstances, the differential housing loan policies shall be implemented and applied to any borrower who has one or more residential properties and wants to purchase an additional residential property:

  (a) the borrower submits first time an application for a loan for purchasing a residential property and the real property registration systems (including the pre-sale contract registration system, same below) of the locality where the residential property to be purchased is located show that there exists one or more residential properties already registered for his/her household;

  (b) the borrower has utilised any of the loans to purchase one or more residential properties and submits an application for a loan for purchasing a residential property; or

  (c) the lender believes that the borrower has one or more residential properties based on the results of its due diligence (including the borrower's creditworthiness check, face-to-face testing, interviewing with the borrower and when necessary visiting the borrower's residential address).

- The differential housing loan policies shall be implemented and applied to any borrower who is a non-resident of the locality where the residential property to be purchased is located and has failed to provide the evidence proving his payment of local taxes or social security contributions for more than one year; and commercial banks in cities where the price of properties is too high, increasing too rapidly or where properties are in short supply may cease to grant any housing loans to the borrowers of this kind in accordance with the provisions of local government policies.
- Real property registration systems to be generally established in the cities divided into districts by end of year 2010.

On 29 September 2010, the PBOC and CBRC issued the Circular on Relevant Issues for Improving the Differential Housing Loan Policies (關於完善差別化住房信貸政策有關問題的通知) in order to further implement the key points reflected in the State Council's Circular on Restraining the Housing Price from Increasing Rapidly for Some Cities (關於堅決遏制部分城市房價過快上漲的通知). This Circular requires that:

- Commercial banks must suspend granting of any housing loan to any household which intends to purchase its third or more residential property and non-local residents who are unable to provide a local tax-payment certificate or social insurance contribution payment certificate for a term of one year or longer.
- For those who use mortgages to purchase residential properties, the minimum down payment was adjusted to a minimum 30 per cent. of the total purchase price of the relevant property; and for a household which uses mortgages to purchase its second residential properties, the policy requiring a minimum 50 per cent. down payment and the mortgage interest rate of at least 1.1 times of the base interest rate was implemented.
- Commercial banks were prohibited to use consumption purpose loans for residential property purchase.
- Commercial banks must cease to grant loans for newly developed projects and renewal of loan terms to real estate developers that have records of violation of laws and regulations as a result of, among other things, rendering the land idle, changing the purpose and nature of land, delaying the construction commencement and completion time and refusing to sell out the properties.
- Commercial banks that do not strictly implement the differential housing loan policies will be stringently punished once proved.
- Loan requests from real estate developers for undertaking the construction projects of low and middle price or small and middle-sized residential properties and participating in social security-purpose residential properties construction projects are encouraged to be granted.
- Financial institutions' support to the social security-purpose residential properties construction projects is encouraged, and policies to support the mid- and long-term loans for the construction of government-sponsored public rental housing projects will be formulated on an urgent basis.

On 30 September 2010, the Ministry of Land and Resources, Ministry of Housing and Urban-Rural Development and Ministry of Supervision jointly issued the Circular on the Further Implementation of Document Guo Fa (2010) No. 10 (關於進一步貫徹落實國發[2010]10 號文件的通知) (commonly known as the "**New Five State Provisions**"), which expressly requires the imposition of restriction during a certain period of time on the number of properties which a household of residents is allowed to purchase in cities where the housing prices are too high, increasing too rapidly or where housing is in short supply.

In November 2010, the Ministry of Housing and Urban-Rural Development, the Ministry of Finance, the PBOC and CRBC jointly promulgated the Notice on Relevant Issues Concerning Policies of Regulation of Individual Housing Reserve Loan (關於規範住房公積金個人住房貸款政策有關問題的通知), which provided that, among other things: (i) where a first-time house purchaser (including the borrower, his/her spouse and minor children) uses housing reserve loans to buy an ordinary house for self-use with a unit floor area: (a) equal to or less than 90 square metres, the minimum down payment shall be at least 20 per cent. or (b) more than 90 square metres, the minimum down payment shall be at least 30 per cent.; (ii) for a second-time house purchaser that uses housing reserve loans, the minimum down payment shall be at least 50 per cent. with the minimum lending interest rate at least 1.1 times the benchmark rate; (iii) a second housing reserve loan will only be available to families whose per capita housing area is below the average in their locality and such loan must only be used to purchase an ordinary house for self-use to improve their residence conditions; and (iv) granting housing reserve loans to families for their third residential property and beyond will be suspended.

In December 2010, the Ministry of Land and Resources promulgated the Notice on Issues Relating to Strict Implementation of Policies Regarding Regulation and Control of Real Property Land and Promotion of the Healthy Development of Land Markets (關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知), which provides, among other things, that: (i) cities and counties that have less than 70 per cent. of their land supply designated for affordable housing, shantytown renovation or small/medium residential units shall not provide land for large-sized and high-end housing before the end of 2010; (ii) land and resource authorities in local cities and counties will report to the Ministry of Land and Resources and provincial land and resource authorities, respectively, regarding land with a premium rate of more than 50 per cent. or the total transaction price or unit price reaches a record high; and (iii) land designated for affordable housing which is used for property development against relevant policies or

which involve illegal income will be confiscated and the relevant land use rights will be withdrawn. Moreover, the notice stipulated that changing the plot ratio of land without approval is strictly prohibited.

On 19 July 2012, the Ministry of Land and Resources and the Ministry of Housing and Urban-Rural Development issued the Urgent Notice to Further Tighten Up Real Property Land Administration and Consolidate the Achievement of Macroeconomic Control of the Real Property Market (關於進一步嚴格房地產用地管理鞏固房地產市場調控成果的緊急通知). According to this notice, the Ministry of Land and Resources, the Ministry of Housing and Urban-Rural Development and their respective local counterparts will continue to strictly regulate the market to prevent housing prices from rebounding. Local governments must ensure adequate supply of land for social security housing projects, and must try to increase the completion rate of such projects. Further, the governments will further improve the land price evaluation procedure, thereby allowing for the reasonable determination of base prices for land auction. For those auctions in which the land prices may be raised to a significantly higher level, the governments must adjust the bidding method in a timely manner. For those lands which are expected to reach unprecedentedly high prices and those lands whose final prices represent a premium of more than 50 per cent. to the base price the government should adjust the land transfer scheme in a timely manner, such as by limiting the final home prices or requiring the land purchaser to build additional social security housing projects. Further, the government will continue enforcing the system for reporting unusual transactions, which requires that governments at city-level and county-level should, within two business days upon the signing of purchase confirmation letter or the dispatch of the letter of acceptance, submit the unusual transaction data to the national land market monitoring and administration system, thereby reporting the unusual transaction to the Ministry of Land and Resources and its agencies at the provincial level.

Additionally, under this notice, the government emphasises that the land to be transferred should not exceed its upper limit of area, and some other acts will continue to be strictly prohibited, such as combining two or more separate tracts of land into one bidding subject, or transferring land without first completing the demolition and relocation work. The floor-area ratio of residential land should be no less than 1. Further, land allocation decision or land transfer contract should require real estate developer to commence the construction and development within one year after the land has been delivered to it and to complete the construction and development within three years. The government will strictly inspect the competence of bidders and prohibit any bank loan from being used for the payment of land price. The deposit for land auction or bidding should not be less than 20 per cent. of the base price. After the deal of land transfer has been reached, the land transfer agreement should be signed within 10 business days, 50 per cent. of the land premium should be paid within one month after the signing of the land transfer agreement and the payment of remaining land premium should be made within one year. Also, the government should prohibit the purchaser from purchasing land for a certain period if such a purchaser (a) failed to pay the land premium, in a timely manner; (b) intentionally left the land idle; (c) intentionally reserved land for the purpose of resale; (d) developed land beyond its development capability; or (e) failed to duly perform the land use contract.

On 5 November 2012, the Ministry of Land and Resources, the Ministry of Finance, the PBOC and CBRC jointly promulgated the Notice on Strengthening Land Reserves and Financing Administration (關於加強土地儲備與融資管理的通知) in order to strengthen land bank institutions administration, determine the reasonable scale and structure of land bank, strengthen the administration of land pre-development, reservation and protection, and regulate the financing to land reservation and the use of land reservation funds.

On 26 February 2013, the General Office of the State Council issued the Notice on Continuing to Effectively Regulate the Real Estate Market (繼續做好房地產市場調控工作的通知), requiring certain related cities to fine-tune the existing house purchase restrictions on the basis of strict compliance with the Notice of the General Office of the State Council on Issues relating to Further Improving the Macroeconomic Control of the Real Property Market (關於進一步做好房地產市場調控工作有關問題的通知), which includes, among others: (i) all administrative regions of a city subject to purchase restrictions shall be covered under such restrictions, while the types of houses subject to purchase restrictions shall include all newly-constructed commercial housing and second-hand housing. The house purchase eligibility shall be examined before the conclusion of a house purchase contract (or a letter of purchase intent). For the time being, houses within the administrative regions of a city shall not be sold to a family without local household register that already owns one or more houses, and a family without local household register that is unable to provide proofs for a certain number of consecutive years of local tax payment or social insurance contribution; (ii) with regard

to cities with soaring housing prices, the local branches of the PBOC may further raise the percentage of the minimum down payment and loan interest rates for the second-home purchases, according to policy requirements and the price control targets determined by the local people's governments for newly-constructed commercial housing; and (iii) tax authorities shall levy individual income tax payable on the sales of owner-occupied houses at 20 per cent. of the transfer gain in strict accordance with the law if the original value of the houses sold can be verified through historical information, such as tax collection and administration and house registration.

On 29 September 2014, the PBOC and CBRC jointly issued the Circular on Further Improving Housing Financial Services (關於進一步做好住房金融服務工作的通知) which specified that for a family who buys on loan its first ordinary residential property for self-use, the minimum percentage of down payment is 30 per cent., and the lower limit of loan interest rate is 70 per cent. of the benchmark rate, to be decided by banking financial institutions in light of risk conditions; for a family who has paid up the loan of its first residential property and applies again to buy on loan an ordinary residential property as an upgrade to living conditions, the loan policies for first residential property shall apply. The notice also specified that in cities where the measures of "restrictions on house buying" are lifted or not imposed, for a family who owns two or more residential properties and has paid up loans for them, and applies to buy another residential property on loan, banking financial institutions shall decide on the percentage of down payment and interest rate by prudently considering the borrower's solvency and credit status. The banking financial institutions may, according to local plans on urbanisation, grant housing loans to non-local residents who meet policy requirements.

On 30 March 2015, the PBOC, the Ministry of Housing and Urban-rural Development and CBRC jointly issued the Notice on Issues concerning Individual Housing Loan Policies (關於個人住房貸款政策有關問題的通知), for a resident who owns one house of which relevant housing loan has not been settled, and applies for a commercial individual housing loan for purchasing an ordinary home for the purpose of improving its living conditions, the minimum down payment ratio is adjusted to not less than 40 per cent.; for a worker who pays housing provident fund to purchase the first ordinary with housing provident fund commission loan, the minimum down payment ratio is 20 per cent.; and for a worker who owns one home of which relevant housing loan has been settled and applies for a housing provident fund commission loan for purchasing an ordinary home for the purpose of improving its living conditions, the minimum down payment ratio is 30 per cent.

On 30 March 2015, the Ministry of Finance and the SAT jointly issued the Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential Properties (關於調整個人住房轉讓營業稅政策的通知), under which business tax is imposed on (i) the full amount of the transfer price upon the transfer of any residential property by an individual owner within two years from such individual owner's purchase of such property and (ii) the difference between the transfer price and the original purchase price upon the transfer of any non-ordinary residential property by an individual owner more than two years from such individual owner's purchase. Business tax is exempted for ordinary residential properties if the transfer occurs after two years from the individual owner's purchase of such property.

OTHER PRC REGULATIONS

Overseas Listing

In August 2006, the Ministry of Commerce, the State Assets Supervision and Administration Commission, the SAT, the State Administration of Industry and Commerce, the CSRC, and SAFE jointly issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) which became effective on 8 September 2006 and was amended on 22 June 2009 by the Ministry of Commerce, or the M&A Rule. The M&A Rule requires, among other things, that offshore special purpose vehicles, formed for overseas listing purposes through acquisitions of PRC domestic companies controlled by PRC companies or individuals, obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange.

On 17 February 2023, the CSRC promulgated the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (境內企業境外發行證券和上市管理試行辦法), or the Interim Measures, and its supporting guidelines, which became effective on 1 March 2023. Pursuant to the Interim Measures, the overseas offering and listing by an enterprise in the name of an overseas registered company, whereas the enterprise's main business activities are in China and such offering and listing is based on the equity, assets, earnings

or other similar rights and interests of a domestic enterprise, is deemed indirect overseas offering and listing by a domestic enterprise, and filings shall be made with the CSRC in accordance with the Interim Measures.

Environmental Protection

The laws and regulations governing the environmental protection requirements for real estate development in China include the PRC Environmental Protection Law, the PRC Prevention and Control of Noise Pollution Law, the PRC Environmental Impact Assessment Law and the PRC Administrative Regulations on Environmental Protection for Development Projects. Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact report, an environmental impact assessment document or an environmental impact registration form must be submitted by a developer before the relevant authorities grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental protection standards and regulations before the property can be delivered to the purchasers.

Foreign Exchange Controls

Under the PRC Foreign Currency Administration Rules, promulgated in 1996 and revised in 1997 and as amended in 2008 and various regulations issued by SAFE and other relevant PRC government authorities, Renminbi is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments and the payment interest and dividend. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside China for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from SAFE or its local office. Payments for transactions that take place within China must be made in Renminbi. Unless otherwise approved, PRC companies may repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks subject to a cap set by SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in settlement and sale of foreign exchange pursuant to relevant rules and regulations of the State. For foreign exchange proceeds under the capital accounts, approval from SAFE is required for its retention or sale to a financial institution engaging in settlement and sale of foreign exchange, except where such approval is not required under the rules and regulations of the State.

In October 2005, SAFE issued a Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Reverse Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題通知) ("**Circular No. 75**"). According to Circular No. 75, a special purpose company refers to an offshore company established or indirectly controlled by PRC residents for the special purpose of carrying out financing of their assets or equity interest in PRC domestic enterprises. Prior to establishing or assuming control of a special purpose company, each PRC resident, whether a natural or legal person, must complete the overseas investment foreign exchange registration procedures with the relevant local SAFE branch. Circular No. 75 applies retroactively. These PRC residents must also amend the registration with the relevant SAFE branch in the following circumstances: (i) the PRC residents have completed the injection of equity investment or assets of a domestic company into the special purpose company; (ii) the overseas funding of the special purpose company has been completed; and (iii) there is a material change in the capital of the special purpose company. Under the rules, failure to comply with the foreign exchange registration procedures may result in restrictions being imposed on the foreign exchange activities of the violator, including restrictions on the payment of dividends and other distributions to its offshore parent company, and may also subject the violators to penalties under the PRC foreign exchange administration regulations.

In July 2014, SAFE issued the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Overseas Investment and Financing and Inbound Investment via Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) ("**Circular No. 37**") and its implementation guidelines, which abolishes and supersedes aforesaid Circular No. 75 and its related implementation rules and guidelines. Pursuant to Circular No. 37 and its implementation guidelines, PRC residents (including PRC institutions and individuals) must register with local branches of SAFE in connection with their direct or indirect offshore investment in an overseas special purpose vehicle ("**SPV**") directly established or indirectly controlled by

PRC residents for the purposes of offshore investment and financing with their legally owned assets or interests in domestic enterprises, or their legally owned offshore assets or interests. Such PRC residents are also required to amend their registration with SAFE when there is a significant change to the SPV, such as changes of the PRC individual resident's increase or decrease of its capital contribution in the SPV, or any share transfer or exchange, merger, division of the SPV. Failure to comply with the registration procedures set forth in Circular No. 37 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliate, the capital inflow from the offshore entities and settlement of foreign exchange capital, and may also subject relevant onshore company or PRC residents to penalties under PRC foreign exchange administration regulations.

On 29 August 2008, SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知) ("**Circular No. 142**"). Pursuant to Circular No. 142, a foreign-invested enterprise's Renminbi fund received from the settlement of its foreign currency capital must be used within the business scope as approved by the government authority that approved the establishment of such foreign-invested enterprise, and such Renminbi fund cannot be used for domestic equity investment unless it is otherwise provided for.

Effective from 1 June 2015, the aforesaid Circular No. 142 is repealed by the Circular of SAFE on the Reform of Administrative Approach for the Settlement of Foreign Exchange Capital Funds of Foreign-invested Enterprises (關於改革外商投資企業外匯資本金結匯管理方式的通知) ("**Circular No. 19**"), issued by SAFE in March 2015, which stipulates that the voluntary settlement of foreign exchange capital funds for foreign invested enterprises will be implemented which means that, the foreign exchange capital funds in a foreign invested enterprise's capital account, which have been recognised by the local foreign exchange bureau as the interests of capital contributions or registered with the relevant bank, can be settled in banks according to such enterprise's actual business operation requirements. The provisional percentage for the voluntary settlement of foreign exchange capital funds for foreign invested enterprises is 100. SAFE may adjust the aforesaid percentage in due time according to the situation of the balance in international payments. Furthermore, Circular No. 19 facilitates domestic equity investments by foreign invested enterprises with funds from the settlement of foreign exchange capital.

CHINESE MAINLAND TAXATION

Because the Issuer and the Guarantor are not incorporated in the Chinese Mainland, investment in the Notes is largely exempt from PRC tax laws, except as disclosed in the section entitled "*Risk Factors — Risks Relating to the PRC — The Guarantor may be deemed a PRC resident enterprise under the PRC Enterprise Income Tax ("EIT") Law, which may subject it to the PRC taxation on its worldwide income. In addition, if the Issuer is deemed as a PRC resident enterprise, it would be required to withhold taxes on interest it pays on the Notes and the investors of the Notes would be required to pay taxes on gains realised from the sale of the Notes*". But because a substantial part of the Guarantor's business operations are in the Chinese Mainland and it carries out these business operations through operating subsidiaries and joint ventures organised under the PRC law, its PRC operations and its operating subsidiaries and joint ventures in the Chinese Mainland are subject to PRC tax laws and regulations, which indirectly affect an investor's investment in the Notes. For information on taxation of a holder of Notes in other jurisdictions, see "*Taxation*".

DIVIDENDS FROM THE GROUP'S PRC OPERATIONS

Pursuant to the PRC EIT Law and its implementation rules, dividends payable by foreign invested enterprises, such as subsidiaries and joint ventures in China, to their non-resident foreign enterprise investors are subject to a withholding tax at a rate of 10 per cent. unless any lower treaty rate is applicable.

Under the PRC EIT Law and its implementation rules, enterprises established under the laws of foreign jurisdictions but whose "de facto management body" is located in China are treated as "resident enterprises" for PRC tax purposes and will be subject to PRC EIT on their worldwide income. Under the implementation rules of the PRC EIT Law, "de facto management bodies" is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise.

The Group's Operations in the Chinese Mainland

The Guarantor's subsidiaries and joint ventures through which it conducts the Group's business operations in the Chinese Mainland are subject to PRC tax laws and regulations.

Deed Tax

Under the PRC Interim Regulation on Deed Tax (中華人民共和國契稅法), a deed tax is chargeable to transferees of land use rights or ownership in real properties within the territory of the Chinese Mainland. These taxable transfers include:

- grant of use right of state-owned land;
- sale, gift and exchange of land use rights, other than transfer of right to manage rural collective land; and
- sale, gift and exchange of real properties.

Deed tax rate is between 3 per cent. to 5 per cent. subject to determination by local governments at the provincial level in light of the local conditions.

Enterprise Income Tax

Under the PRC EIT Law, a unified EIT rate is set at 25 per cent. for both domestic enterprises and foreign-invested enterprises. In addition, dividends payable by the PRC subsidiaries to their non-resident foreign enterprise shareholders will be subject to a withholding tax at a rate of 10 per cent. unless any lower treaty rate is applicable. However, under the PRC EIT Law and its implementation rules, enterprises established under the laws of foreign jurisdictions but whose "de facto management body" is located in China are treated as "resident enterprises" for PRC tax purposes and will be subject to PRC EIT on their worldwide income. Under the implementation rules of the PRC EIT Law, "de facto management bodies" is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise.

On 6 March 2009, the SAT issued the Notice on the Measures for the Treatment of Enterprise Income Tax on Real Estate Development and Operation Businesses (房地產開發經營業務企業所得稅處理辦法), which was amended on 16 June 2014 and 15 June 2018, respectively, regulating the revenue, cost of sales, fees deduction, accounting of costs and tax treatment of specific matters of enterprises engaging in the real property business in the PRC, in relation to the imposition of EIT.

Land Appreciation Tax (the "LAT")

Under the PRC Interim Regulation on Land Appreciation Tax promulgated in December of 1993, which was amended in January 2011, and its implementation rules, LAT applies to both domestic and foreign investors in real properties in the Chinese Mainland, irrespective of whether they are corporate entities or individuals. The tax is payable by a taxpayer on the appreciation value derived from the transfer of land use rights, buildings or other facilities on such land, after deducting the "deductible items" that include the following:

- payments made to acquire land use rights;
- costs and charges incurred in connection with the land development;
- construction costs and charges in the case of newly constructed buildings and facilities;
- assessed value in the case of old buildings and facilities;
- taxes paid or payable in connection with the transfer of the land use rights, buildings or other facilities on such land; and
- other items allowed by the Ministry of Finance.

The tax rate is progressive and ranges from 30 per cent. to 60 per cent. of the appreciation value as compared to the "deductible items" as follows:

Appreciation value	LAT rate
	(*per cent.*)
Portion not exceeding 50 per cent. of deductible items	30
Portion over 50 per cent. but not more than 100 per cent. of deductible	40
Portion over 100 per cent. but not more than 200 per cent. of deductible	50
Portion over 200 per cent. of deductible items	60

Exemption from LAT is available to the following cases:

- taxpayers constructing ordinary residential properties for sale (i.e. the residences built in accordance with the local standard for residential properties used by the general population, excluding deluxe apartments, villas, resorts and other high-end premises) where the appreciation amount does not exceed 20 per cent. of the sum of deductible items;
- real estate taken over and repossessed according to laws due to the construction requirements of the state; and
- due to redeployment of work or improvement of living standards, transfers by individuals of originally self-used residential properties, with five years or longer of self-used residence and with tax authorities' approval.

According to a notice issued by the Ministry of Finance in January 1995, the LAT regulation does not apply to the following transfers of land use rights:

- real estate transfer contracts executed before 1 January 1994; and
- first time transfers of land use rights or premises and buildings during the five years commencing on 1 January 1994 if the land grant contracts were executed or the development projects were approved before 1 January 1994 and the capital has been injected for the development in compliance with the relevant regulations.

After the enactment of the LAT regulations and their implementation rules, respectively, due to the long period of time typically required for real estate developments and their transfers, many jurisdictions, while implementing these regulations and rules, did not require real estate development enterprises to declare and pay the LAT as they did other taxes. Therefore, in order to assist the local tax authorities in the collection of LAT, the Ministry of Finance, the SAT, Ministry of Construction and State Land Administration Bureau separately and jointly issued several notices to reiterate that, after the assignments are signed, the taxpayers should declare the tax to the local tax authorities where the real estate is located, and pay the LAT in accordance with the amount as calculated by the tax authority and within the time period as required. For those who fail to acquire proof as regards the tax paid or the tax exemption from the tax authorities, the real estate administration authority will not process the relevant title change procedures, and will not issue the property ownership certificates.

The SAT issued a further notice in July 2002 to require local tax authorities to require prepayment of LAT on the basis of proceeds from pre-sale of real estate.

In December 2006, the SAT issued a Notice on Issues relating to Administration of the Settlement of Land Appreciation Tax of Property Development Enterprise (關於房地產開發企業土地增值稅清算管理有關問題的通知), which came into effect on 1 February 2007 and was amended on 15 June 2018. The notice required settlement of LAT liabilities by real estate developers. Provincial tax authorities are given authority to formulate their implementation rules according to the notice and their local situation.

To further strengthen LAT collection, in May 2009, the State Administration of Taxation released the Rules on the Administration of the Settlement of Land Appreciation Tax (土地增值稅清算管理規程), which came into force on 1 June 2009.

On 19 May 2010, the SAT promulgated the Notice on Issues Regarding Settlement of Land Appreciation Tax (關於土地增值稅清算有關問題的通知), which provided further clarifications and guidelines on LAT settlement, revenue recognition, deductible expenses, timing of assessment and other related issues.

On 25 May 2010, the SAT issued the Notice on Strengthening the Collection of Land Appreciation Tax (關於加強土地增值稅徵管工作的通知), which provided for a minimum LAT prepayment rate at 2 per cent. for provinces in eastern China region, 1.5 per cent. for provinces in the central and northeastern China regions, and 1 per cent. for provinces in the western China region. The notice also delegate to the local tax authorities the authority to determine the applicable LAT prepayment rates based on the types of the properties in their respective regions.

On 20 June 2013, the SAT issued the Notice on Further Improving the Collection of Land Appreciation Tax (關於進一步做好土地增值稅徵管工作的通知), according to which, the SAT will continue to strengthen the administration over the LAT on land inquisition, strict examination of deductible items, reducing the assessment and collection items and other aspects.

Urban Land Use Tax

Pursuant to the PRC Interim Regulations on Urban Land Use Tax (中華人民共和國城鎮土地使用稅暫行條例), promulgated by the State Council in September 1988, effective from November 1988, and as amend in December 2006, January 2011, December 2013 and March 2019, respectively, the urban land use tax is levied according to the area of relevant land. The annual tax rate on urban land was between RMB0.6 and RMB30 per square metre.

Buildings Tax

Under the PRC Interim Regulations on Buildings Tax (中華人民共和國房產稅暫行條例), promulgated by the State Council in September 1986, effective from October 1986 and as amended in January 2011, buildings tax rate applicable to property owners is 1.2 per cent. if it is calculated on the basis of the residual value of a building and 12 per cent. if it is calculated on the basis of the rental.

Stamp Duty

Under the Stamp Duty Law of the PRC (中華人民共和國印花稅法) promulgated by the Standing Committee of the NPC in June 2021 which became effective in July 2022, for property transfer instruments, including those in respect of property ownership transfers, the stamp duty rate is 0.05 per cent. of the amount stated therein.

Municipal Maintenance Tax

Under the Municipal Maintenance Tax Law of the PRC (中華人民共和國城市維護建設稅法) promulgated by the Standing Committee of the NPC in August 2020 which became effective in September 2021, taxpayer, whether an individual or otherwise, of consumption tax or value-added tax are required to pay municipal maintenance tax calculated on the basis of the consumption tax or value-added tax actually paid by the taxpayer. The tax rate is 7 per cent. for a taxpayer whose domicile is in an urban area, 5 per cent. for a taxpayer whose domicile is in a county or a town, and 1 per cent. for a taxpayer whose domicile is not in any urban area or county or town.

Education Surcharge

According to the Interim Provisions on Imposition of Education Surcharge (徵收教育費附加的暫行規定), promulgated by the State Council in April 1986, effective from July 1986, and amended in June 1990, August 2005 and January 2011, respectively, any taxpayer, whether an individual or otherwise, of value-added tax, business tax or consumption tax is liable for an education surcharge, unless such taxpayer is required to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas (國務院關於籌措農村學校辦學經費的通知). The Education Surcharge rate is 3 per cent. calculated on the basis of consumption tax, value-added tax or business tax actually paid by the taxpayer.

Value-added Tax

Pursuant to the Interim Regulations on Value-added Tax of the PRC (中華人民共和國增值税暫行條例) issued by the State Council in December 1993, effective from January 1994, and as amended in November 2008, February 2016 and November 2017, respectively, and its implementation rules (中華人民共和國增值税暫行條例實施細則) issued by the Ministry of Finance in December 1993 and amended in December 2008 and October 2011, respectively, entities and individuals that sell goods or labour services of processing, repair or replacement, sell services, intangible assets or immovables, or import goods within the territory of the PRC are subject to PRC VAT. The applicable VAT rates, depending on the nature of the taxable acts of the general taxpayers, are 17 per cent., 11 per cent., 6 per cent. and 0 per cent., respectively.

In March 2016, the Ministry of Finance and the State Taxation Administration (SAT) jointly issued the Circular 36, effective 1 May 2016. This circular abolished the long-standing Business Tax regime nationwide, bringing construction, real estate development, financial services and life services into the VAT scope for the first time. It sets out unified VAT calculation, deduction, pre-payment, preferential and transitional policies for immovable property transactions, real estate development projects and construction services, forming the core special VAT rules for the real estate sector.

On 4 April 2018, the Ministry of Finance and the SAT jointly issued the Notice on the Adjustment of the Value-added Tax Rate (關於調整增值税税率的通知), which became effective on 1 May 2018. The notice adjusted the applicable VAT rates for relevant taxable acts of the general taxpayers to 16 per cent., 10 per cent., 6 per cent. and 0 per cent., respectively.

In March 2019, the Ministry of Finance, the SAT and the General Administration of Customs jointly issued the Announcement on the Relevant Policies on Deepening the Value-added Tax Reform (關於深化增值税改革有關政策的公告), which became effective in April 2019. The announcement further adjusted the applicable VAT rates for relevant taxable acts of the general taxpayers to 13 per cent., 9 per cent., 6 per cent. and 0 per cent., respectively.

On 25 December 2024, the Standing Committee of the National People's Congress adopted the New VAT Law, which became effective in 1 January 2026, upon which the aforesaid *Interim Regulations on Value-added Tax* have been simultaneously abolished. The New VAT Law codifies the existing VAT framework, retains the four-tier rate structure of 13%, 9%, 6% and 0%, and unifies the statutory simplified levy rate at 3%.

DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

The members of the board of directors of the Guarantor (the "**Board**" or the "**Board of the Guarantor**") as at the date of this Offering Circular are as follows:

Name	Title
Executive Directors	
Mr. Yan Jianguo	Executive Director, Chairman
Mr. Zhang Zhichao	Executive Director, Chief Executive Officer
Mr. Guo Guanghui	Executive Director and Vice President
Non-Executive Directors	
Mr. Zhuang Yong	Non-Executive Director, Vice Chairman
Mr. Ma Yao	Non-Executive Director
Independent Non-Executive Directors	
Mr. Li Man Kiu, Adrian David	Independent Non-Executive Director
Professor Chan Ka Keung, Ceajer	Independent Non-Executive Director
Dr. Chan Ching Har, Eliza	Independent Non-Executive Director

The biographies of the Executive and Non-Executive Directors of the Guarantor as at the date of this Offering Circular are as follows:

Executive Directors and Management

Mr. YAN Jianguo
BBS, JP
Chairman, Executive Director

Aged 59, has been appointed as the Chairman and Executive Director of the Guarantor since 2017 and concurrently acted as the Chief Executive Officer of the Guarantor from 2017 to 2020. Mr. Yan holds a PhD degree in Management. He is currently the Chairman of China Overseas Holdings Limited (a substantial shareholder of the Guarantor) and a Non-executive Director of China State Construction International Holdings Limited (listed in Hong Kong). He was the Chairman and Non-executive Director of China Overseas Property Holdings Limited (listed in Hong Kong) and China Overseas Grand Oceans Group Limited (listed in Hong Kong), and the Chairman of China State Construction International Holdings Limited (listed in Hong Kong). Mr. Yan has over 30 years' experience in construction business and real estate general management. He has been elected as a member of the 14th National Committee of the Chinese People's Political Consultative Conference in 2023.

Mr. ZHANG Zhichao
Executive Director and Chief Executive Officer

Aged 47, has been appointed as the Executive Director and Chief Executive Officer of the Guarantor since February 2020. Mr. Zhang holds a bachelor's degree in Construction Engineering. He is currently a director of China Overseas Holdings Limited (a substantial shareholder of the Guarantor) and a director of certain subsidiaries of the Group. Mr. Zhang has over 20 years' experience in property development and corporate management.

Mr. GUO Guanghui
Executive Director and Vice President

Aged 53, has been appointed as an Executive Director of the Guarantor since June 2018. Mr. Guo holds a master's degree in Business Administration, and is a senior accountant and a non-practising member of The Chinese Institute of Certified Public Accountants. He is currently the Vice President of the Guarantor and a director of certain subsidiaries of the Group. He was a Non-executive Director of China Overseas Grand Oceans Group Limited (listed in Hong Kong). Mr. Guo has over 30 years' management experience in corporate finance and accounting.

Non-Executive Directors

Mr. ZHUANG Yong
Non-Executive Director and Vice Chairman

Aged 49, has been appointed as a Non-executive Director and the Vice Chairman of the Guarantor since February 2020. Mr. Zhuang holds a master's degree in Architecture and Civil Engineering. He is currently the Chairman and Executive Director of China Overseas Grand Oceans Group Limited (listed in Hong Kong) and a director of China Overseas Holdings Limited (a substantial shareholder of the Guarantor). Mr. Zhuang has over 20 years' experience in corporate management.

Mr. MA Yao
Non-Executive Director

Aged 54, has been appointed as a Non-executive Director of the Guarantor since January 2025. Mr. Ma currently serves as general manager of Department of Strategy and Investment Management of CITIC Group Corporation. He obtained a bachelor's degree in automatic control from Xi'an Jiaotong University, a master's degree in monetary banking and a doctor's degree in international finance from the Graduate School of the People's Bank of China. Mr. Ma joined CITIC Securities Company Limited ("**CITIC Securities**") (listed in Hong Kong) in 1998 and previously served as the deputy general manager of the Risk Control Department, deputy general manager of the Bond Distribution and Trading Department, deputy general manager of the Trading Department, chief executive of the Capital Market Department, head of the Financial Industry Group, member of the Investment Banking Management Committee, head of the Investment Banking Management Committee, member of the Executive Committee of CITIC Securities, and director of CLSA Limited and CITIC Securities (Hong Kong) Limited.

Independent Non-Executive Directors

Mr. LI Man Kiu, Adrian David
BBS, MA (Cantab), MBA, LPC, JP
Independent Non-Executive Director,
Chairman of the Audit and Risk Management Committee,
Member of the Corporate Governance Committee,
Member of the Nomination Committee,
Member of the Remuneration Committee

Aged 52, joined the Board as an Independent Non-executive Director of the Company on 25 June 2026 and was appointed Chairman and Member of the Audit and Risk Management Committee, Member of the Corporate Governance Committee, Member of the Nomination Committee and Member of the Remuneration Committee on the same day. Mr. Li is Co-Chief Executive of The Bank of East Asia, Limited (listed in Hong Kong).

Mr. Li is currently an independent non-executive director of Sino Land Company Limited, Tsim Sha Tsui Properties Limited and The Hongkong and Shanghai Hotels, Limited, all listed in Hong Kong. He previously served as an independent non-executive director of COSCO SHIPPING Ports Limited and China State Construction International Holdings Limited (both listed in Hong Kong).

Mr. Li is a Member of the Shanghai Committee of the Chinese People's Political Consultative Conference, a Non-official Member of the Shenzhen-Hong Kong Financial Co-operation Committee and a Counsellor of the Hong Kong United Youth Association. He is Chairman of The Chinese Banks' Association, Deputy Chairman of The Hong Kong Institute of Bankers Executive Committee, an Alternate Director of the World Savings and Retail Banking Institute,

and a Member of the MPF Industry Schemes Committee. He is a Board Member of The Community Chest of Hong Kong, a Member of the Advisory Board of The Salvation Army Hong Kong and Macau Territory, and a Trustee of The University of Hong Kong's occupational retirement schemes. Furthermore, he serves as a Member of the Election Committees responsible for electing the Chief Executive and Legislative Council Members of the Hong Kong Special Administrative Region ("**HKSAR**") as well as deputies of the HKSAR to the 14th National People's Congress.

Mr. Li holds a Master of Business Administration Degree from Kellogg School of Management, Northwestern University in the US, and a Master of Arts Degree and Bachelor of Arts Degree in Law from the University of Cambridge in Britain. He is a Member of The Law Society of England and Wales, as well as that of Hong Kong. He is also a Member of the Hong Kong Academy of Finance and has been conferred as an Honorary Certified Banker by The Hong Kong Institute of Bankers. Mr. Li was awarded the Bronze Bauhinia Star by the Government of the HKSAR in recognition of his contributions to the community.

Professor CHAN Ka Keung, Ceajer
GBS, SBS, JP
Independent Non-Executive Director,
Chairman of the Corporate Governance Committee,
Chairman of the Remuneration Committee,
Member of the Audit and Risk Management Committee,
Member of the Nomination Committee

Aged 69, joined the Board as an Independent Non-executive Director of the Guarantor on 27 June 2020 and was appointed Chairman and Member of the Remuneration Committee, Member of the Audit and Risk Management Committee and Member of the Nomination Committee on the same day. He was appointed Chairman of the Corporate Governance Committee on 29 March 2021. Professor Chan is the chairman of WeLab Bank Limited and senior advisor of WeLab Holdings Limited, a leading fintech company in Asia with one of the first virtual banks established in Hong Kong. He was appointed as Secretary for Financial Services and the Treasury of the Government of the Hong Kong Special Administrative Region from July 2007 to June 2017. Prior to that, he was Dean of Business and Management in the Hong Kong University of Science and Technology ("**HKUST**"). He is currently Adjunct Professor at HKUST Business School and received the Honorary Doctorate from HKUST in July 2020.

Professor Chan received his bachelor's degree in economics from Wesleyan University and his M.B.A. and Ph.D. in finance from the University of Chicago. Professor Chan specialised in assets pricing, evaluation of trading strategies and market efficiency and has published numerous articles on these topics.

Professor Chan is the Chairman of the Chamber of Hong Kong Listed Companies and a member of the Hang Seng Index Advisory Committee. In the past, he held a number of public service positions including chairman of the Consumer Council, director of the Hong Kong Futures Exchange, and member of Competition Commission, the Commission on Strategic Development, Commission on Poverty, the Exchange Fund Advisory Committee, the Hang Seng Index Advisory Committee, the Hong Kong Council for Academic Accreditation and Non-executive Director of The Hong Kong Mortgage Corporation Limited.

In addition, Professor Chan is also an Independent Non-executive Director of Guotai Junan International Holdings Limited, Langham Hospitality Investments and Langham Hospitality Investments Limited and CTF Services Limited (formerly known as NWS Holdings Limited), all of which are listed in Hong Kong. He is also an Independent Non-executive Director of Eagle Asset Management (CP) Limited (as manager of Champion Real Estate Investment Trust which is listed in Hong Kong). Professor Chan was an Independent Non-executive Director of USPACE Technology Group Limited (formerly known as Hong Kong Aerospace Technology Group Limited),CMB International Capital Corporation Limited and Greater Bay Area Homeland Investments Limited, and a Non-executive Director of Trivium Holdings Limited and MTR Corporation Limited.

Dr. CHAN Ching Har, Eliza
GBS, JP, LLD. (Hon)

Independent Non-Executive Director,
Chairman of the Nomination Committee,
Member of the Audit and Risk Management Committee,
Member of the Corporate Governance Committee,
Member of the Remuneration Committee

Aged 69, joined the Board as an Independent Non-executive Director of the Guarantor on 29 June 2023 and was appointed Chairman and Member of the Nomination Committee, Member of the Audit and Risk Management Committee, Member of the Remuneration Committee and Member of the Corporate Governance Committee on the same day. Dr. Chan holds the qualifications of Barrister & Solicitor of British Columbia Supreme Court, Canada, Solicitor of the Supreme Court of England and Wales and Solicitor of the High Court of Hong Kong. Dr. Chan is a non-official member of the Executive Council of Hong Kong. She is also a member of the National Committee of the Chinese People's Political Consultative Conference ("**CPPCC**"), a standing member of the CPPCC Tianjin Committee, Foreign Economic Affairs Legal Counsel to the Tianjin Municipal People's Government, an arbitrator of China International Economic and Trade and Arbitration Commission (CIETAC) and a China-appointed Attesting Officer.

Dr. Chan is the Chairperson of Women's Commission, and previously served as a member of the Selection Committee for the selection of the First Chief Executive of Hong Kong SAR, and a member of the Election Committee for the selections of the Chief Executive of Hong Kong SAR and the Hong Kong SAR delegates to the National People's Congress. She was Chairman of Hong Kong CPPCC (Provincial) Members Association and now serves as Permanent Honorary Chairman. Dr. Chan also held a number of Hong Kong Government appointed positions, notably as a member of the Hong Kong Hospital Authority, member of Hong Kong Public Service Commission, member of the Hong Kong Board of Education, member of Hong Kong Examinations and Assessment Authority, Chairman of Public Complaints Committee under Hong Kong Hospital Authority, Chairman of Kowloon Hospital, Chairman of Hong Kong Eye Hospital, Chairman of Tseung Kwan O Hospital, member of the Governing Committee of Queen Elizabeth Hospital, member of The Medical Council of Hong Kong, Chairman of Pensions Appeal Panel, member of Administration Appeals Board, adjudicator of Hong Kong Immigration Tribunal, member of Disciplinary Panel of Institute of Accountants, Council member of The University of Science & Technology and Board member of Hong Kong Science and Technology Park Corporation.

Dr. Chan is a senior consultant of Chan & Jamison LLP and senior advisor of Deloitte Touche Tohmatsu, Deputy Chairman and Independent Non-executive Director of Bank of Communications (Hong Kong) Limited, Independent Non-executive Director of China Taiping Life Insurance Co. Ltd., China Taiping Insurance (HK) Company Limited and Tong Ren Tang Technologies Co. Ltd. (listed in Hong Kong). She was an Independent Non-executive Director of Lansen Pharmaceutical Holdings Limited (listed in Hong Kong), China National Aviation Company Limited (formerly listed in Hong Kong), China Electronics Optics Valley Union Holding Company Limited (listed in Hong Kong) and Cathay International Holdings Limited (formerly listed in London) as well as a Non-executive Director of China Aerospace International Holdings Ltd (listed in Hong Kong) and Tianjin Development Holdings Limited (listed in Hong Kong).

CORPORATE GOVERNANCE

General

Corporate governance is the system of policies, practices and processes used to direct and manage a business in order to ensure that its objectives are met, and evolves with the business and operating environment. The Board of the Guarantor believes that good corporate governance practices are the keys to attain long-term and sustainable growth of the business and safeguard the interests of its shareholders. The Guarantor strives to strengthen its corporate governance practices appropriate to the conduct and growth of the Group's business, the cornerstone of which is to have an experienced, committed Board and an effective internal control to enhance its transparency and accountability to the shareholders of the Guarantor.

The Guarantor has applied the code provisions set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited from time to time.

The Board of Directors

Role and Responsibilities of the Board

The Board of the Guarantor is responsible for the overall strategic leadership and management of the Group with the objectives of enhancing shareholder value and presenting a balanced, clear and understandable assessment of the Guarantor's performance, position and prospects in the annual and interim reports, announcements and other financial disclosures as required under the Listing Rules, and reports to regulators any information required to be disclosed pursuant to statutory requirements.

Having regard to the best interests of the Guarantor and its shareholders, the Board reviews and approves major matters such as the Guarantor's business strategies, budgets, major investments as well as mergers and acquisitions. In addition, the Board supervises and controls the implementation of strategies of the Guarantor and its operation and financial performance of the Guarantor, formulates appropriate risk control policies and procedures in pursuit of the business strategies of the Group, performs and maintains a high standard of corporate governance of the Guarantor and promotes the communication with its shareholders.

The day-to-day management, administration and operation of the Guarantor are delegated to the Executive Committee and the management team to ensure efficiency. The Board gives clear directions to the management as to their powers and authorities, and circumstances in which the management should report back to the Board and obtain approval from the Board prior to entering into any commitment by the management.

Chairman and CEO

The roles of the Chairman of the Board and the Chief Executive Officer are separate to ensure a balance of power and authority.

Mr. Yan Jianguo is the Chairman of the Board, where he leads and manages its activities. He ensures that all Directors receive accurate, clear, complete and reliable information before meetings and fosters a culture of openness, encouraging diverse opinions for effective decision-making. Additionally, he is responsible for implementing strong corporate governance practices and ensuring effective communication with shareholders, making sure their views are communicated to the entire Board. The Chairman also holds meeting annually with the Independent Non-executive Directors to discuss corporate governance and other matters without other Directors present.

Mr. Zhang Zhichao is the Chief Executive Officer of the Guarantor. He leads the management team to implement the strategies and objectives set by the Board and oversee day-to-day management of the Guarantor's businesses within the powers and authorities delegated by the Board.

Risk Management and Internal Controls

The Board of the Guarantor has the overall responsibility for maintaining appropriate and effective risk management and internal control systems and for evaluating and determining the nature and extent of the risks that the Guarantor is willing to take when achieving the Guarantor's business objectives. The Board of the Guarantor delegates to the management the design, implementation and ongoing assessment of the risk management and internal control systems, and through the Audit and Risk Management Committee oversees and reviews the adequacy and effectiveness of the risk management and internal control systems.

Risk Management

The Board of the Guarantor acknowledges that risk is inherent in its business and the markets in which it operates, and it undertakes and monitors risk in pursuit of its strategic and business objectives. The Board of the Guarantor aims to establish effective risk management and internal control systems and culture to safeguard the Guarantor's assets

and the interests of shareholders for the long-term development of the Guarantor, to ensure that reliable financial information will be provided to management and to ensure that risks affecting significant investments and business of the Guarantor can be identified and properly managed so that they can be minimised, transferred or avoided. However, risk management and internal control systems are designed to manage, rather than eliminate, the risk of failing to achieve business objectives, and it can only provide reasonable, but not absolute, assurance against material misrepresentation or loss.

Internal Control

(1) Alongside the risk management process, key components of the Group's internal controls environment include: Appropriate corporate governance structure and rules of procedures have been established to define responsibilities and authorities of decision making, executing, and supervising, and therefore, to form a clear division of duties and check and balance mechanism.

(2) A diverse range of internal control policies and procedures have been deployed to help ensure efficient and effective operations in its growing business units and functions. Each functional department of the Guarantor has its business management code, operation guidelines and post manual based on business needs. They also use necessary control mechanisms to ensure that employees are clear about and exercise authority properly.

(3) A comprehensive budget management has been established to allow the Guarantor to ascertain responsibility and authority for each business unit in budget management and regulates the preparation, review and execution program of budget. The budget will be re-assessed semi-annually with reference to the business performance, business needs and strategy and significant risk and opportunities.

(4) A standardised accounting procedures and a specific business audit system have been maintained to guarantee the authenticity and integrity of accounting data and information for disclosure and reporting purposes. There are regular management reports on the Group's cash, liquidity and borrowings so that cash flow position of the Guarantor is closely monitored.

(5) Information technology has been applied to enhance the Guarantor's internal monitoring capability, and establish a compatible information system on operation and management, thus, leveraged on effective combination with internal monitoring process, to achieve the purpose of reducing or eliminating the artificial control factors.

(6) Each regional office of the Guarantor is required to assign a compliance officer responsible for overseeing compliance issues within their respective region. The Guarantor has implemented an electronic approval system that ensures all matters are approved according to established processes and all approval processes and documents are retained within the system. The responsible regional offices and headquarters departments are obligated to verify the compliance of submitted projects and contracts through this system.

The Audit Department assists the Audit and Risk Management Committee and the Board of the Guarantor to provide an independent review of the effectiveness and adequacy of the risk management and internal control systems, makes remediation suggestions to the management of the Guarantor on identified deficiencies in the design and implementation, and supervises the management to make and implement remediation plans. The Audit Department regularly reviews the operation of the risk management and internal control systems of the Guarantor and submits review report to the Audit and Risk Management Committee and the Board of the Guarantor on a half-yearly basis.

The Audit and Risk Management Committee, based on the report from the internal audit, reviews and assesses the risks of the Guarantor and the control measures to be taken and reviews the effectiveness of the risk management and internal control systems, carries out research on important findings regarding risk management and internal control matters and the response from management to the findings, and report any deficiency of the control systems and corresponding suggestions for improvement to the Board of the Guarantor. In addition, the external auditors host

regular discussion with the Audit and Risk Management Committee on any internal control problem identified in the course of the audit.

Board Committees

Currently, the Board of the Guarantor has set up five committees, namely the Executive Committee, the Audit and Risk Management Committee, the Corporate Governance Committee, the Nomination Committee and the Remuneration Committee, to implement internal supervision and control on each relevant aspect of the Guarantor.

Executive Committee

The Executive Committee comprises all Executive Directors of the Guarantor, namely Mr. Yan Jianguo, Mr. Zhang Zhichao and Mr. Guo Guanghui. The Executive Committee is chaired by Mr. Yan Jianguo.

The principal duties of the Executive Committee are as follows:

- To review and approve loans or banking facilities to be granted to the Guarantor, its subsidiaries, jointly controlled entities and associated companies and the opening of bank or securities related accounts matters;
- To review and approve financial instruments to be issued by the Guarantor, its subsidiaries, jointly controlled entities and associated companies;
- To review and approve grant of loan or other financial assistance to the Guarantor's jointly controlled entities and/or associated companies;
- To review and approve provision of corporate guarantees, indemnity and/or letter of comfort by the Guarantor for its subsidiaries, jointly controlled entities and/or associated companies;
- To review and approve land auctions or tenders, and contracts in the ordinary and usual course of business of the Guarantor; and
- To deal with any other specific business delegated by the Board of the Guarantor.

The Executive Committee will report to the Board of the Guarantor on a regular basis and the resolutions passed by the Executive Committee from time to time shall be tabled for the information of all Directors of the Guarantors at the Board meetings.

During the year ended 31 December 2025, the Executive Committee held two meetings and primarily passed resolutions by way of written resolution to (amongst other matters) review and approve:

- various bank loans and facilities;
- provision of corporate guarantee for the subsidiaries, jointly controlled entities and/or associated companies of the Guarantor;
- land auctions and contracts in the ordinary and usual course of business of the Guarantor; and
- listed securities and corporate bonds issued by the subsidiaries of the Guarantor.

Audit and Risk Management Committee

The Audit and Risk Management Committee currently comprises three members, namely Mr. Li Man Kiu, Adrian David, Professor Chan Ka Keung, Ceajer and Dr. Chan Ching Har, Eliza, all of whom are Independent Non-executive Directors of the Guarantors. The Audit and Risk Management Committee is chaired by Mr. Li Man Kiu, Adrian David.

The principal duties of the Audit and Risk Management Committee are as follows:

- To review and monitor the integrity of the financial information of the Group;
- To review the financial control, risk management and internal control systems of the Guarantor; and

- To oversee the matters relating to the external auditor.

The Audit and Risk Management Committee held four meetings during 2025 and reviewed:

- the Group's annual financial statements for the year ended 31 December 2024, and interim and quarterly results for the year ended 31 December 2025;
- the audit plans from the internal auditor and the external auditor;
- the audit approach and methodology applied to the audit process, the areas of audit emphasis and the impact of the new and revised accounting standards on the Guarantor's financial statements;
- the internal and independent audit results;
- the external auditor's independence and scope of provision of non-audit services;
- the re-appointment of the external auditor and their remuneration;
- the adequacy and effectiveness of the internal audit, risk management, internal control and financial reporting systems through the review of the findings and recommendations of the internal auditor and the external auditor and reports from the management;
- the major investigations findings on risk management and internal control matters;
- the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Guarantor's accounting, internal audit and financial reporting functions; and
- the continuing connected transactions and their annual caps.

The Audit and Risk Management Committee also met with the external auditor at least twice a year in the absence of management to discuss matters relating to any issue arising from audit and any other matters the auditor may wish to raise.

Corporate Governance Committee

The Corporate Governance Committee currently comprises three members, namely Professor Chan Ka Keung, Ceajer, Mr. Li Man Kiu, Adrian David and Dr. Chan Ching Har, Eliza, all of whom are Independent Non-executive Directors of the Guarantor. The Corporate Governance Committee is chaired by Professor Chan Ka Keung, Ceajer.

The principal duties of the Corporate Governance Committee are as follows:

- To develop and review the Guarantor's policies and practices on corporate governance and make recommendations to the Board of the Guarantor;
- To review and monitor the training and continuous professional development of the Directors and senior management;
- To review and monitor the Guarantor's policies and practices on compliance with legal and regulatory requirements;
- To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- To review the Guarantor's compliance with the CG Code and disclosure in the Corporate Governance Report of the Guarantor; and
- To perform the duties in respect of environmental, social, and governance ("**ESG**") related issues of the Group under the Listing Rules.

The Corporate Governance Committee held two meetings during 2025 and reviewed:

- the Guarantor's policies and practices on corporate governance, the Guarantor's compliance with the CG Code and the satisfaction of the duties of the Corporate Governance Committee set out above;
- the implementation and effectiveness of the Shareholders' Communication Policy;
- the ESG Report for the year 2024; and
- the work done in respect of the ESG related issues for the first half of the year 2025 and the work plan for the year 2025.

The Board has the overall responsibility for effective corporate governance and oversight of ESG matters. To ensure the effectiveness of sustainability management and implement sustainability management policies and measures systematically, the Guarantor has formulated the Measures for Environmental, Social and Governance Management to clearly define the role and responsibilities and reporting mechanism for sustainability affairs.

The Corporate Governance Committee is responsible for providing long-term direction and strategies on sustainability-related matters, identify ESG risks (including climate-related risks), and review and monitor management's execution of sustainability projects. To support the Corporate Governance Committee, the Guarantor has established an ESG Working Leadership Group, and the ESG strategic framework under the framework of being "a Company of Four Excellences", for planning and achieving qualitative and quantitative sustainability targets, which covered from green building area, air quality testing, customer satisfaction, employee satisfaction, employee training, carbon emissions to energy consumption density.

Nomination Committee

The Nomination Committee currently comprises three members, namely Dr. Chan Ching Har, Eliza, Mr. Li Man Kiu, Adrian David and Professor Chan Ka Keung, Ceajer, all of whom are Independent Non-executive Directors of the Guarantor. The Nomination Committee is chaired by Dr. Chan Ching Har, Eliza.

The principal duties of the Nomination Committee are as follows:

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

The Nomination Committee held two meetings during 2025 and reviewed:

- the structure, size and composition of the Board of the Guarantor ;
- the implementation and effectiveness of the Board Diversity Policy and the Board Independence mechanisms;
- the appointment of Mr. Ma Yao as a Non-executive Director;
- the re-election of the retiring Directors of the Guarantor at the annual general meeting; and
- the independence of the Independent Non-executive Directors of the Guarantor.

In respect of selecting individual to be nominated or re-elected as Director of the Guarantor, the Nomination Committee will have regard to the Board Diversity Policy and the Procedure Regarding Appointment, Election and Removal of Directors of the Guarantor (equivalent to the nomination policy of the Guarantor and hereafter referred to as "**Nomination Policy**"). The nominee shall satisfy the requirements as set out in the Listing Rules including that the nominee should have the character, experience and integrity and be able to demonstrate a standard of competence commensurate with his or her position as a Director.

Based on the formalised process and procedure of nominating a director regulated under the Nomination Policy of the Guarantor, the management team led by the Chairman of the Board of the Guarantor will identify a wide and diverse range of candidates from various backgrounds that would be attributable to the business needs and carry out a due diligence on the shortlisted candidates. A comprehensive review will be presented to the Nomination Committee who will further discuss and assess the suitability of the candidates against a range of criteria from an independent perspective in accordance with the Board Diversity Policy, and make recommendation to the Board of the Guarantor.

Remuneration Committee

The Remuneration Committee currently comprises three members, namely Professor Chan Ka Keung, Ceajer, Mr. Li Man Kiu, Adrian David and Dr. Chan Ching Har, Eliza, all of whom are Independent Non-executive Directors of the Guarantor. The Remuneration Committee is chaired by Professor Chan Ka Keung, Ceajer.

The principal duties of the Remuneration Committee are as follows:

- To make recommendations to the Board of the Guarantor on its remuneration policy and structure for all Directors and senior management of the Guarantor;
- To make recommendations to the Board of the Guarantor on the remuneration packages of the Directors of the Guarantor and senior management in consultation with the Chairman of the Board of the Guarantor;
- To review and approve the management's remuneration proposals with reference to the corporate goals and objectives of the Board of the Guarantor; and
- To review and approve matters relating to share schemes under the Listing Rules.

The Remuneration Committee held one meeting and passed resolutions by way of written resolution during 2025 and reviewed:

- the remuneration policy and structure of the Group;
- the remuneration package of all Directors of the Guarantor and the senior management and employees of the Group;
- the discretionary bonus of the senior management of the Guarantor and the employees of the Group;
- the remuneration package of the Non-executive Director newly appointed during the year.

Senior Management

The members of the senior management of the Guarantor as at the date of this Offering Circular are as follows:

Name	Title
Mr. Xu Feng	Vice President
Mr. Xu Wendong	Vice President
Mr. Liu Xianyong	Vice President
Mr. Liu Huiming	Vice President
Mr. Wang Linlin	Vice President

Mr. Li Yingjun	Vice President
Mr. Guo Lei	Vice President
Mr. Liu Changsheng	Vice President
Mr. Cao Wenyang	Vice President
Mr. Cheng Xin	Assistant President
Mr. Fu Xiwei	Assistant President
Ms. Liu Ping	Deputy Finance Director

The biographies of the key senior management of the Guarantor as at the date of this Offering Circular are as follows:

Mr. Xu Feng
Vice President

Aged 50, graduated from Zhejiang University, senior engineer. Mr. Xu joined the Group in 2004. He has about 28 years' management experience in human resources management and corporate management.

Mr. Xu Wendong
Vice President

Aged 59, graduated from Harbin Institute of Civil Engineering and Architecture (now known as Harbin Institute of Technology), senior engineer, architect. Mr. Xu joined the Group in 2001. He has about 38 years' experience in architectural design and corporate management.

Mr. Liu Xianyong
Vice President

Aged 54, graduated from Harbin University of Architecture and Engineering (now known as Harbin Institute of Technology), senior economist. Mr. Liu joined the Group in 1995. He has about 31 years' experience in sales and marketing planning and corporate management.

Mr. Liu Huiming
Vice President

Aged 48, graduated from Tsinghua University and obtained a master degree of Science in Engineering from Tsinghua University, senior engineer. Mr. Liu joined the Group in 2003. He has about 23 years' experience in construction and corporate management.

Mr. Wang Linlin
Vice President

Aged 49, graduated from Shenyang Institute of Civil Engineering and Architecture and obtained a master degree of Management from Harbin Institute of Technology, senior engineer. Mr. Wang joined the Group in 2007. He has about 26 years' experience in human resources, commercial operations and corporate management.

Mr. Li Yingjun
Vice President

Aged 47, graduated from Southeast University and obtained a master degree of Management from Southeast University. Mr. Li joined the Group in 2003. He has about 23 years' experience in investment planning, sales and marketing planning and corporate management.

Mr. Guo Lei
Vice President

Aged 55, graduated from Shenyang Institute of Civil Engineering and Architecture and obtained a master degree of Management from Harbin University of Architecture and Engineering (now known as Harbin Institute of Technology) and a doctorate degree of Management from Harbin Institute of Technology, professor-level senior engineer. Mr. Guo joined the Group in 2003. He has about 33 years' experience in engineering, contract and corporate management.

Mr. Liu Changsheng
Vice President

Aged 48, graduated from Hunan Normal University and obtained a master degree of Management from Nanjing University. Mr. Liu joined the Group in 2004. He has about 22 years' experience in sales and marketing planning and corporate management.

Mr. Cao Wenyang
Vice President

Aged 44, graduated from Harbin Institute of Technology and obtained a master degree of Accounting from Harbin Institute of Technology and a master degree in financial control from University of Lille in France. Mr. Cao joined the Group in 2006. He has about 20 years' experience in audit and human resources management.

Mr. Cheng Xin
Assistant President

Aged 50, graduated from Southeast University and obtained a master degree of Business Administration from China Europe International Business School. Mr. Cheng joined the Group in 2017. He has about 30 years' experience in investment planning and corporate management.

Mr. Fu Xiwei
Assistant President

Aged 47, graduated from Southeast University and obtained a master degree of Management from Southeast University. Mr. Fu joined the Group in 2004. He has about 22 years' experience in investment planning and corporate management.

Ms. Liu Ping
Deputy Finance Director

Aged 53, graduated from Harbin University of Architecture and Engineering (now known as Harbin Institute of Technology) and obtained a bachelor degree of Accounting and a master degree of Architecture and Economic Management from Harbin University of Architecture and Engineering, senior accountant. Ms. Liu joined the Group in 2005. She has about 28 years' experience in financial management.

FORM OF PRICING SUPPLEMENT

The Pricing Supplement that will be issued in respect of each Tranche will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue:

[**EU MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")] [MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MiFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**IMPORTANT – EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II[.]/[; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129, as amended]. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[**IMPORTANT – UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024. Consequently no disclosure document required by the FCA Product Disclosure Sourcebook ("**DISC**") for offering, selling or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.]

[*Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes [are prescribed capital markets products] / [capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are]*

[Excluded]/[Specified] Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).][1]

Paragraph 21 of the Hong Kong SFC Code of Conduct – As paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission applies to this offering of Notes, prospective investors should refer to the section on "Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors" appearing on pages 4 to 5 of the Offering Circular, and CMIs (as defined in the Offering Circular) should refer to the section on "Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to CMIs (including private banks)" appearing on pages 189 to 190 of the Offering Circular.

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**HKSE**")) ("**Professional Investors**") only.

Notice to Hong Kong investors: Each of the Issuer and the Guarantor confirms that the Notes are intended for purchase by Professional Investors only and will be listed on HKSE on that basis. Accordingly, each of the Issuer and the Guarantor confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

HKSE has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme or the Notes on HKSE is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Issuer, the Guarantor or the Group or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and HKSE take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document together with the Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor, the Guarantor and its subsidiaries taken as a whole (the "**Group**"). The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

[Date]

China Overseas Finance (Cayman) VIII Limited

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] (the "Notes")
Unconditionally and Irrevocably Guaranteed by China Overseas Land & Investment Limited 中國海外發展有限公司
under its U.S.$4,000,000,000
Guaranteed Medium Term Note Programme (the "Programme")

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Offering Circular dated 30 June 2026 (the "**Offering Circular**") [and the Supplemental Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented]. Full information on the Issuer, the Guarantor

[1]For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement, the Offering Circular [and the Supplemental Offering Circular dated [●]].

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date*.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated 30 June 2026 [and the Supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto.] Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement, the Offering Circular [and the Supplemental Offering Circular dated [●]].

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement*.]

[*If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency*.]

1.	(i)	Issuer:	China Overseas Finance (Cayman) VIII Limited
	(ii)	Legal Entity Identifier (LEI):	300300JLMTEWBKJNL662
	(iii)	Guarantor:	China Overseas Land & Investment Limited 中國海外發展有限公司
2.	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]
	(iii)	Date on which the Notes will be consolidated and form a single Series:	[The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [●] below, which is expected to occur on or about [date]][Not Applicable]
3.	Specified Currency or Currencies:		[●]
4.	Aggregate Nominal Amount:		
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
5.	(i)	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
	(ii)	[Net proceeds:	[●]] [*Delete for unlisted issuances*.]

6.	(i)	Specified Denominations: [2, 3]	[●]
	(ii)	Calculation Amount:	[●]
7.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[*Specify/Issue Date/Not Applicable*]
8.		Maturity Date:	[*Fixed rate — specify date/Floating rate* — Interest Payment Date falling in or nearest to *[specify month*]][4]
9.		Interest Basis:	[[●] per cent. Fixed Rate] [[EURIBOR/HIBOR/CNH HIBOR] +/- [●] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [*specify other*] (further particulars specified below)
10.		Redemption/Payment Basis:	[Redemption at Final Redemption Amount, subject to any purchase and cancellation or early redemption] [Partly Paid] [Instalment] [specify other]
11.		Change of Interest Basis or Redemption/Payment Basis:	[*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*] [*Not Applicable*]

[2]Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

[3]If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording as follows: €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No notes in definitive form will be issued with a denomination above €199,000. In relation to any issue of Notes which are a "Global Note exchangeable to Definitive Notes" in circumstances other than in the limited circumstances specified in the Global Note, such Notes may only be issued in denominations equal to, or greater than, €100,000 (or equivalent) and multiples thereof.

[4]Note that for Renminbi and Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option here.

12.	Put/Call Options:	[Investor Put][5] [Issuer Call] [Change of Control Put Option] [(further particulars specified below)]
13.	Date of [Board] approval for issuance of Notes and Guarantee obtained:	[●] [and [●]], respectively] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee*)
14.	Listing:	[The Stock Exchange of Hong Kong Limited /*specify other*/None] (For Notes to be listed on The Stock Exchange of Hong Kong Limited, insert the expected effective listing date of the Notes)
15.	Method of distribution:	[Syndicated/Non-syndicated]

Provisions Relating to Interest (if any) Payable

16.	Fixed Rate Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i) Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/ quarterly/other (*specify*)] in arrear] (*If payable other than annually, consider amending Condition 5*)
	(ii) Interest Payment Date(s):	[[●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/ not adjusted]* *(N.B.: This will need to be amended in the case of long or short coupons)*
	(iii) Fixed Coupon Amount(s): (Applicable to Notes in definitive form)	[●] per Calculation Amount[6]
	(iv) Broken Amount(s): (Applicable to Notes in definitive form)	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
	(v) Day Count Fraction:	[30/360 or Actual/ Actual (ICMA/ISDA) or Actual/365 (Fixed) [7] or [specify other]]

[5]For as long as Bearer Notes issued in accordance with TEFRA D are represented by a Temporary Global Note, an Investor Put shall not be available unless the certification required under TEFRA D with respect to non-U.S. beneficial ownership has been received by the Issuer or the Agent.

[6]For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 being rounded upwards in the case of Renminbi denominated Fixed Rate Notes and to the nearest HK$0.01, HK$0.005 for the case of Hong Kong dollar denominated Fixed Rate Notes, being rounded upwards."

[7]Applicable to Hong Kong dollar denominated Fixed Rate Notes and Renminbi denominated Fixed Rate Notes.

	(vi) Determination Date(s):	[●] in each year [*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]* *(N.B.: This will need to be amended in the case of regular interest payment dates which are not of equal duration)* *(N.B.: Only relevant where Day Count Fraction is Actual/Actual (ICMA))*
	(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/*Give details*]
17.	Floating Rate Note Provisions[8]	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Interest Period(s):	[●] [[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment [, as the Business Day Convention in (v) below is specified to be Not Applicable]
	(ii) Specified Period(s)/Specified Interest Payment Dates:	[[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]]
	(iii) Interest Period Date:	[Not Applicable]/ [●][in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]
	(iv) First Interest Payment Date:	[●]
	(v) Business Day Convention	[Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/ other (*give details)*][Not Applicable]
	(vi) Additional Business Centre(s):	[●]
	(vii) Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/other (*give details*)]
	(viii) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)/*give details*]
	(ix) Screen Rate Determination (Condition 5(b)(iii)(B)):	

[8]Parties to consider including provisions related to benchmark discontinuation.

	(a) Reference Rate:	[●] (*Either EURIBOR, HIBOR or other, although additional information is required if other — including fallback provisions in the Agency Agreement*)
	(b) Interest Determination Date(s):	[●] (*first day of each Interest Period if Hong Kong dollar HIBOR and the second day on which T2 is open prior to the start of each Interest Period if EURIBOR*)
	(c) Relevant Screen Page:	[●] (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
(x)	[Screen Rate Determination (Condition 5(b)(iii)(C)):]	*[Give details]*
(xi)	ISDA Determination:	
	(a) ISDA Definitions:	[2006 ISDA Definitions/2021 ISDA Definitions]
	(b) Floating Rate Option:	[●]
	(c) Designated Maturity:	[●]
	(d) Reset Date:	[●]
(xii)	Margin(s):	[●]
(xiii)	Minimum Rate of Interest:	[●] per cent. per annum
(xiv)	Maximum Rate of Interest:	[●] per cent. per annum
(xv)	Day Count Fraction:	[Actual/Actual or Actual/Actual (ISDA) Actual/365(Fixed) Actual/365(Sterling) Actual/360 30/360, 360/360 or Bond Basis 30E/360 or Eurobond Basis 30E/360 (ISDA) Other] (*See Condition 5 for alternatives*)
(xvi)	Benchmark discontinuation and fallback provisions:	

	(a) Benchmark Discontinuation (Condition 5(j)):	[Applicable/Not Applicable]
	(b) Fallback provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
18.	Zero Coupon Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Amortisation Yield:	[●] per cent. per annum
	(ii) Reference Price:	[●]
	(iii) Any other formula/basis of determining amount payable:	[●]
	(iv) Day Count Fraction in relation to Early Redemption Amounts and late payment:	[*Specify*] (*Consider applicable day count fraction if not US dollar denominated*)
19.	Index Linked Interest Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Index/Formula:	[*give or annex details*]
	(ii) Calculation Agent:	[●]
	(iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Principal Paying Agent):	[●]
	(iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(v) Specified Period(s)/ Specified Interest Payment Dates:	[●]
	(vi) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
	(vii) Additional Business Centre(s):	[●]
	(viii) Minimum Rate of Interest:	[●] per cent. per annum

(ix)	Maximum Rate of Interest:	[●] per cent. per annum
(x)	Day Count Fraction:	[●]
20.	Dual Currency Interest Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Rate of Exchange/ method of calculating Rate of Exchange:	[*give or annex details*]
(ii)	Party, if any, responsible for calculating the principal and/or interest due (if not the Principal Paying Agent):	[●]
(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
(iv)	Person at whose option Specified Currency(ies) is/are payable:	[●]

Provisions Relating to Redemption

21.	Issuer Call:	[Applicable/Not Applicable] (*If applicable, specify/include details. If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Optional Redemption Date(s):	[●]
(ii)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/Make-Whole Amount/specify other/see Appendix] (If Make-Whole Amount is selected, below items and other relevant details (if any) should be provided)
	(a) Redemption Margin:	[●] per cent.
	(b) Discount Basis:	[annual/semi-annual]
	(c) Make-Whole Reference Date:	[●]
(iii)	If redeemable in part:	[●]
	(a) Minimum Redemption Amount:	[●]
	(b) Maximum Redemption Amount:	[●]

	(iv) Notice period (if other than as set out in the Conditions):	*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or the Trustee)*
22.	Issuer Par Call	[Applicable/Not Applicable]
	(i) Par Call Period Commencement Date:	[●]
	(ii) Notice Period:	*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or the Trustee)*
23.	Investor Put:	[Applicable/Not Applicable] (*If applicable, specify/include details. If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/specify other/see Appendix]
	(iii) Notice period (if other than as set out in the Conditions):	[●] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or the Trustee)*

24.	Change of Control Put:	[Applicable/ Not Applicable]
25.	Final Redemption Amount:	[[●] per Calculation Amount/ specify other/see Appendix]], subject to any purchase and cancellation or early redemption
26.	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same:	[[●] per Calculation Amount/ specify other/see Appendix]]
27.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details. N.B.: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*]
28.	Details relating to Instalment Notes:	
	(i) Instalment Amount(s):	[Not Applicable/*give details*]
	(ii) Instalment Date(s):	[Not Applicable/*give details*]

General Provisions Applicable to the Notes

29.	Form of Notes:	[**Bearer Notes**: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice[9]] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [**Registered Notes**: Global Certificate exchangeable for Individual Note Certificates in the limited circumstances described in the Global Certificate]
30.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/give details] *(Note that this paragraph relates to the place of payment and not Interest Period end dates)*
31.	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]

[9]If the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000", the Temporary Global Note shall not be exchangeable on [●] days' notice.

32.	Redenomination applicable:	Redenomination [not] applicable [(*If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates*)]
33.	Consolidation provisions:	[Not Applicable/The provisions] [annexed to this Pricing Supplement] apply]
34.	Notification to PRC Authorities	[*specify the Order 56*] (*Please see Condition 4(b) for further details*)
35.	Other terms or special conditions:	[Not Applicable/*give details*]

Distribution

36.	(i)	If syndicated, names and addresses of Managers / relevant Dealer and commitments:	[Not Applicable/*give names and addresses and commitments*]
	(ii)	Date of Subscription Agreement:	[●]
	(iii)	Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
37.		If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name and address*]
38.		Total commission and concession:	[●] per cent. of the Aggregate Nominal Amount
39.		U.S. Selling Restrictions:	[Reg. S Category 1/Category 2; TEFRA D/TEFRA C/TEFRA not applicable[10]]
40.		Additional selling restrictions:	[Not Applicable/*give details*]

Operational Information

41.	Any clearing system(s) other than Euroclear or Clearstream and the relevant identification number(s):	[CMU/Not Applicable/*give name(s) and number(s)*]
42.	Delivery:	Delivery [against/free of] payment
43.	Additional Paying Agent(s) (if any):	[Not Applicable/*give name(s)*]
44.	Additional Registrar(s) (if any):	[Not Applicable/*give name(s)*]

[10]"TEFRA not applicable" is only available for Bearer Notes with a term of 365 days or less (taking into account any unilateral extensions and rollovers) or Registered Notes.

45.	ISIN:	[●]
46.	Common Code:	[●]
47.	CMU Instrument Number:	[●]
48.	Ratings:	[●]

General

49.	Hong Kong SFC Code of Conduct:	
	(i) Rebates:	[A rebate of [●] bps is being offered by the [Issuer] to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the nominal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.] / [Not Applicable]
	(ii) Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent:	[*Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent – OCs to provide*] / [Not Applicable]
	(iii) Marketing and Investor Targeting Strategy:	[As indicated in the Offering Circular] / [*Specify if different from the Offering Circular*]

[USE OF PROCEEDS

Give details if different from the "*Use of Proceeds*" section in the Offering Circular.]

[STABILISATION

In connection with this issue, [insert name of Stabilisation Manager] (the "**Stabilisation Manager**") (or persons acting on behalf of any Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end after a limited period. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.]

[Listing Application

This Pricing Supplement comprises the final terms required for the issue of Notes described herein pursuant to the U.S.$4,000,000,000 Guaranteed Medium Term Note Programme of China Overseas Finance (Cayman) VIII Limited.]

Responsibility

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement.

Signed on behalf of **CHINA OVERSEAS FINANCE (CAYMAN) VIII LIMITED** as the Issuer:

By:

Duly authorised

Signed on behalf of **CHINA OVERSEAS LAND & INVESTMENT LIMITED 中國海外發展有限公司** as the Guarantor:

By:

Duly authorised

TERMS AND CONDITIONS OF THE NOTES

The following (save for the words in italics) is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or the Global Certificate representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the relevant Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement or the Trust Deed. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in these Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued by China Overseas Finance (Cayman) VIII Limited (the "**Issuer**") pursuant to the Trust Deed (as defined below). The due payment of all sums expressed to be payable by the Issuer under the Notes and the Trust Deed is guaranteed by China Overseas Land & Investment Limited 中國海外發展有限公司 (the "**Guarantor**") as specified hereon. The Notes are constituted by a trust deed (as amended and/or supplemented as at the date of issue of the Notes (the "**Issue Date**"), the "**Trust Deed**") dated 27 June 2024 between the Issuer, the Guarantor and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the "**Trustee**", which expression shall, where the context so permits, include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (these "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An agency agreement (as amended and/or supplemented as at the Issue Date, the "**Agency Agreement**") dated 27 June 2024 has been entered into in relation to the Notes between the Issuer, the Guarantor, the Trustee, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as principal paying agent, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as lodging and paying agent for Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**CMU**") and the other agents named in it. The principal paying agent, the CMU lodging and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Principal Paying Agent**" (which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), the "**CMU Lodging and Paying Agent**" (which expression includes any successor CMU lodging and paying agent appointed from time to time in connection with the Notes), the "**Paying Agents**" (which expression shall include the Principal Paying Agent and the CMU Lodging and Paying Agent and any successor and additional paying agents appointed from time to time in connection with the Notes), the "**Registrar**" (which expression includes any successor registrar appointed from time to time in connection with the Notes), the "**Transfer Agents**" (which expression shall include any successor and additional transfer agents appointed from time to time in connection with the Notes) and the "**Calculation Agent(s)**" (which expression includes any successor and additional calculation agents appointed from time to time in connection with the Notes) (such Principal Paying Agent, CMU Lodging and Paying Agent, Paying Agents, Registrar, Transfer Agents and Calculation Agent(s) being together referred to as the "**Agents**"). The giving of the Guarantee (as defined in Condition 3(b)) was authorised by the resolutions of the board of directors of the Guarantor on 27 June 2024. For the purposes of these Conditions, all references to the Principal Paying Agent shall, with respect to a Series of Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly.

Copies of the Trust Deed and the Agency Agreement (i) are available for inspection by Noteholders following prior written request at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time) Monday to Friday except for public holidays, at the principal place of business of the Trustee (being as at the date of the Trust Deed at 3/F CCB Tower, 3 Connaught Road Central, Central, Hong Kong) and at the specified office for the time being of the Principal Paying Agent, and (ii) may be provided to the Noteholders, in each case upon proof of holding and identity to the satisfaction of the Trustee or the Principal Paying Agent, as the case may be.

The Noteholders, the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects, and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series with such Tranche of Notes and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or issue prices.

*The Notes issued before 27 June 2024 under the Programme are constituted by the trust deed dated 5 July 2019 between the Issuer, the Guarantor and DB Trustees (Hong Kong) Limited (德意志信託(香港)有限公司) ("**DB**") as trustee for the Noteholders, and are also the subject of the agency agreement dated 5 July 2019 entered into in relation to the Notes between the Issuer, the Guarantor, DB, Deutsche Bank AG, Hong Kong Branch, as initial paying agent, Deutsche Bank AG, Hong Kong Branch as lodging and paying agent for Notes be held in the CMU and the other agents named in it.*

1. Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown hereon.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the relevant Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. No Exchange of Notes and Transfers of Registered Notes

(a) **No Exchange of Notes**: Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) **Transfer of Registered Notes**: One or more Registered Notes may, subject to Conditions 2(b) and 2(f) and the terms of the Agency Agreement, be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and any other evidence as the Registrar or the relevant Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the forms of transfer. In the case of a transfer of part only of a holding of Registered Notes (which shall be in a Specified Denomination) represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred (which shall be in a Specified Denomination) and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding (which shall be in a Specified Denomination) shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement (the "**Regulations**"). The Regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current Regulations will be made available by the Registrar to any Noteholder upon prior written request and proof of holding and identity satisfactory to the Registrar.

Transfers of interests in the Notes evidenced by the Global Certificate will be effected in accordance with the rules and procedures of the relevant clearing systems.

(c) **Exercise of Options or Partial Redemption in Respect of Registered Notes**: In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within seven business days of receipt of a duly completed form of transfer or a CoC Put Exercise Notice (as defined in Condition 6(d)) or an Exercise Notice (as defined in Condition 6(g)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Put Exercise Notice, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Put Exercise Notice, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate (but free of charge to the holder and at the expense of the Issuer (failing whom the Guarantor)) to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) **Transfers Free of Charge**: Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar

or any of the Transfer Agents, but upon (i) payment by the relevant Noteholders of any tax, duty or other governmental charges that may be imposed in relation to them (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require); (ii) the Registrar or the relevant Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application; and (iii) the Registrar or the relevant Transfer Agent being satisfied that the Regulations have been complied with.

(f) **Closed Periods**: No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) after the exercise of the put option in Condition 6(d) in respect of that Note, (iii) after the exercise of the put option in Condition 6(g) in respect of that Note, (iv) during the period of 15 days prior to any date on which Notes are being called for redemption by the Issuer at its option, (v) after any such Note has been called for redemption where not all the Notes are being called for redemption or (vi) during the period of seven days ending on (and including) any Record Date.

3. Guarantee and Status

(a) **Status of Notes**: The Notes and the Receipts and the Coupons relating to them constitute direct, unsubordinated, unconditional and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable laws and subject to Condition 4(a), at all times rank at least equally with all other present and future unsecured and unsubordinated indebtedness and monetary obligations of the Issuer.

(b) **Guarantee**: The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes, the Receipts and the Coupons. The Guarantor's obligations in that respect (the "**Guarantee**") are contained in the Trust Deed. The payment obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable laws and subject to Condition 4(a), at all times rank at least equally with all other present and future unsecured and unsubordinated indebtedness and monetary obligations of the Guarantor.

4. Negative Pledge and Other Covenants

(a) **Negative Pledge**: So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), each of the Issuer and the Guarantor will not, and the Guarantor will procure that none of the respective Subsidiaries (as defined below in Condition 4(c)) (except any Listed Subsidiaries (as defined below in Condition 4(c))) will, create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**Security**") upon the whole or any part of its undertaking, assets or revenues present or future to secure the repayment or payment of principal, premium or interest of or on any Relevant Indebtedness (as defined below in Condition 4(d)), or to secure any guarantee of or indemnity given in respect of the repayment or payment of principal, premium or interest of or on any Relevant Indebtedness unless, at the same time or prior thereto, the Issuer's obligations under the Notes or Coupons or, as the case may be, the Guarantor's obligations under the Guarantee (a) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution of the Noteholders (as defined in the Trust Deed) of the Noteholders.

(b) **Notification to NDRC**: Where it is specified hereon that Order 56 applies to any Note to be issued in accordance with these Conditions, the Guarantor undertakes (i) to file or cause to be filed with the NDRC the requisite information and documents in respect of the Notes (or any further notes issued pursuant to Condition 15 and forming a single Series with the Notes) within the prescribed timeframe

in accordance with the Order 56 (the "**NDRC Post-issue Filing**"); (ii) to comply with all applicable PRC laws and regulations in connection with the NDRC Post-issue Filing; and (iii) to, within 10 Registration Business Days after submission of the NDRC Post-issue Filing, provide the Trustee with (A) a certificate in English substantially in the form set out in the Trust Deed by an Authorised Signatory (as defined in the Trust Deed) of the Guarantor confirming the submission of the NDRC Post-issue Filing; and (B) copies of the relevant documents submitted in respect of the NDRC Post-issue Filing certified in English as true and complete copies of the originals by an Authorised Signatory of the Guarantor (the items specified in (A) and (B) of this Condition 4(b) together, the "**Registration Documents**"), and the Trustee may rely conclusively without inquiry or verification and without liability to any Noteholder or any other person on any such certificate or document. In addition, the Guarantor shall procure that within 10 Registration Business Days after the documents comprising the Registration Documents are delivered to the Trustee, the Issuer will give notice to the Noteholders (in accordance with Condition 16) confirming the NDRC Post-issue Filing. The Trustee and the Agents shall have no obligation or duty to monitor, assist with or ensure the filing or completion of the NDRC Post-issue Filing or to verify the accuracy, validity and/or genuineness of any certificate, confirmation or other document in relation to or in connection with the NDRC Post-issue Filing or to translate or procure the translation into English of any certificate, confirmation or other document in relation to or in connection with the NDRC Post-issue Filing or to give notice to the Noteholders confirming the completion of the NDRC Post-issue Filing, and neither the Trustee nor any of the Agents shall be liable to Noteholders, the Issuer, the Guarantor or any other person for not doing so.

(c) **Definitions**

In these Conditions:

"**Listed Subsidiary**" means, at any time, any Subsidiary of the Guarantor the ordinary voting shares, interests or units of which are at such time listed on the Hong Kong Stock Exchange or any other stock exchange or securities market;

"**NDRC**" means the National Development and Reform Commission of the PRC or its local counterparts;

"**Order 56**" means the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第 56 號)) effective from 10 February 2023 (as supplemented, amended and/or replaced from time to time), and any implementation rules or policies as issued by the NDRC from time to time;

"**PRC**" means the People's Republic of China which, for the purposes of these Conditions, shall not include the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

"**Registration Business Day**" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in Beijing, PRC;

"**Relevant Indebtedness**" means any present or future indebtedness in the form of, or represented by, notes, bonds, debentures, debenture stock, loan stock, certificates or other securities which (a) either (i) are by their terms payable, or confer a right to receive payment, in any currency other than Renminbi or (ii) are denominated or payable in Renminbi and more than 50 per cent. of the aggregate principal amount thereof is initially distributed outside the PRC by the Issuer, the Guarantor or the Guarantor's Subsidiaries or with the authorisation of any of them and (b) are or are capable of being quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market; and

a "**Subsidiary**" means, in relation to the Issuer or the Guarantor, any company or entity (i) in which the Issuer or as the case may be, the Guarantor holds a majority of the voting rights, interests or units or (ii) of which the Issuer or, as the case may be, the Guarantor is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which the Issuer or as the case may be, the

Guarantor is a member and controls a majority of the voting rights, interests or units or (iv) which is accounted for and consolidated in the audited consolidated accounts of the Issuer or, as the case may be, the Guarantor, as a subsidiary pursuant to applicable Hong Kong Financial Reporting Standards or International Financial Reporting Standards and includes any company which is a Subsidiary of a Subsidiary of the Issuer or as the case may be, the Guarantor.

5. Interest and Other Calculations

(a) **Interest on Fixed Rate Notes**: Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).

(b) **Interest on Floating Rate Notes and Index Linked Interest Notes**:

(i) **Interest Payment Dates**: Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) **Business Day Convention**: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) **Rate of Interest for Floating Rate Notes**: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate.

For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified hereon; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

If "2021 ISDA Definitions" is specified hereon as the applicable ISDA Definitions:

(1) Administrator/Benchmark Event shall be disapplied;

(2) if the Temporary Non-Publication Fallback for any specified Floating Rate Option is specified to be "Temporary Non-Publication Fallback – Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions, the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication Fallback – Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback – Previous Day's Rate"; and

(3) "**Fallback Observation Day**" in the ISDA Definitions shall be deemed deleted in its entirety and replaced with the following:

"**Fallback Observation Day**" means, in respect of a Reset Date and the Calculation Period (or any Compounding Period included in that Calculation Period) to which that Reset Date relates, unless otherwise agreed, the day that is five Business Days preceding the related Payment Date.".

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes (where the Reference Rate is specified as an interbank offered rate)

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) or 11.15 a.m. (Hong Kong time in the case of CNH HIBOR) or if, at or around that time it is notified that the fixing will be published at 2.30 p.m. (Hong Kong time), then as of 2.30 p.m. (Hong Kong time in the case of CNH HIBOR), as the case may be, on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than EURIBOR or HIBOR or CNH HIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

(y) If the Relevant Screen Page is not available or if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall promptly notify the Issuer and the Issuer shall use all commercially reasonable endeavours to appoint an Independent Investment Bank and procure such Independent Investment Bank to request, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR or CNH HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Independent Investment Bank and the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate as at either 11.00 a.m. (Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) or 11.15 a.m. (Hong Kong time in the case of CNH HIBOR) or if, at or around that time it is notified that the fixing will be published at 2.30 p.m. (Hong Kong time), then as of 2.30 p.m. (Hong Kong time in the case of CNH HIBOR), as the case may be, on the Interest Determination Date in question. If two or more of the Reference Banks provide the Independent Investment Bank and the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

(z) If paragraph (y) above applies and the Calculation Agent has received offered quotations from fewer than two Reference Banks, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated at the request of the Independent Investment Bank to the Independent Investment Bank and the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, as at either 11.00 a.m. (Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) or 11.15 a.m. (Hong Kong time in the case of CNH HIBOR) or if, at or around that time it is notified that the fixing will be published at 2.30 p.m. (Hong Kong time), then as of 2.30 p.m. (Hong Kong time in the case of CNH HIBOR), as the case may be, on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Independent Investment Bank and the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or, if the Reference Rate is HIBOR or CNH HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Independent Investment Bank suitable for such purpose) informs the Independent Investment Bank and the Calculation Agent it is quoting to leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date

(though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

For the purpose of this Condition 5(b)(iii)(B), "**Independent Investment Bank**" means an independent financial institution of international repute or an independent financial adviser with appropriate experience (which shall not be the Calculation Agent) selected and appointed by the Issuer (at the expense of the Issuer, failing whom the Guarantor) for the purposes of this Condition 5(b)(iii)(B) and notified in writing by the Issuer to the Calculation Agent and the Trustee.

(C) **Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as an alternative risk-free reference rate**: If Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined and where the Reference Rate is an alternative risk-free reference rate (such as SOFR), the Rate of Interest for each Interest Accrual Period (including the method or basis of calculating or determining the Rate of Interest) will be as further specified hereon.

(D) **Rate of Interest for Index Linked Interest Notes**: The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) **Zero Coupon Notes**: Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Accrual Yield (as described in Condition 6(b)(i)).

(d) **Dual Currency Notes**: In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) **Partly Paid Notes**: In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(f) **Accrual of Interest**: Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(g) **Margin, Maximum Rate of Interest/Minimum Rate of Interest, Maximum Instalment Amount/Minimum Instalment Amount and Maximum Redemption Amount/Minimum Redemption Amount and Rounding**:

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

(ii) If any Maximum Rate of Interest or Minimum Rate of Interest, Maximum Instalment Amount or Minimum Instalment Amount or Maximum Redemption Amount or Minimum Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

(h) **Calculations**: The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts**: The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders and any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 5 but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties and the Noteholders.

(j) **Benchmark Discontinuation**:

(i) Independent Adviser

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) as specified hereon remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint, at the expense of the Issuer, failing whom the Guarantor, an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(j)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(j)(iv)). In making such determination, the

Independent Adviser appointed pursuant to this Condition 5(j) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of gross negligence, wilful default or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents or the Noteholders or the Couponholders for any determination made by it pursuant to this Condition 5(j).

If (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(j)(i) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this Condition 5(j) shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(j)(i).

(ii) Successor Rate or Alternative Rate

If the Independent Adviser determines that:

(A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(j)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(j)).

(iii) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or the Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(j) and the Independent Adviser determines (A) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(j)(v), without any requirement for the consent or approval of the Noteholders, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the written request of the Issuer, but subject to receipt by the Trustee of a certificate signed by an Authorised Signatory of the Issuer pursuant to Condition 5(j)(v), the Trustee shall (at the expense of the Issuer, failing whom the Guarantor), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any duties, responsibilities or liabilities additional to those previously agreed in the Trust Deed or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

Notwithstanding any other provision of this Condition 5(j), neither the Calculation Agent nor any Paying Agent is obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 5(j) to which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any duties, responsibilities or liabilities additional to those previously agreed in the Agency Agreement and/or these Conditions or reduce or amend the protective provisions afforded to the Calculation Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these Conditions.

In connection with any such variation in accordance with this Condition 5(j)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(j) will be notified by the Issuer to the Trustee, the Calculation Agent, the Paying Agents. In accordance with Condition 16, notice shall be provided to the Noteholders promptly thereafter. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Noteholders of the same, the Issuer shall deliver to the Trustee, the Calculation Agent and the Paying Agents a certificate signed by an Authorised Signatory of the Issuer:

(A) confirming (I) that a Benchmark Event has occurred, (II) the Successor Rate or, as the case may be, the Alternative Rate, (III) the applicable Adjustment Spread and (IV) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(j); and

(B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Trustee, the Calculation Agent and the Paying Agents shall be entitled to rely conclusively and without inquiry or verification on any such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's or the Calculation Agent's or the Paying Agents' ability to rely conclusively and without inquiry or verification on any such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of this Condition 5(j), following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), if in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5(j), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 5(j)(i), 5(j)(ii), 5(j)(iii) and 5(j)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(iii)(B) will continue to apply unless and until a Benchmark Event has occurred.

(vii) Definitions

As used in this Condition 5(j):

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);

(ii) the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied); or

(iii) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser, determines in accordance with Condition 5(j)(ii) is customarily applied in international

debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes;

"**Benchmark Amendments**" has the meaning given to it in Condition 5(j)(iv);

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least five Business Days in the place of the administrator of the Original Reference Rate or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or

(v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(vi) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (A) in the case of sub-paragraphs (ii) and (iii) above of this definition, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (B) in the case of sub-paragraph (iv) above of this definition, on the date of the prohibition of use of the Original Reference Rate and (C) in the case of sub-paragraph (v) above of this definition, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Trustee, the Calculation Agent and the Paying Agents. For the avoidance of doubt, none of the Trustee, the Calculation Agent or the Paying Agents shall have any responsibility for making such determination;

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer (at the expense of the Issuer, failing whom the Guarantor) under Condition 5(j)(i);

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (C) a group of the aforementioned central banks or other supervisory authorities or (D) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(k) **Definitions**: In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a currency other than euro or Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which T2 is open for the settlement of payments in euro (a "**TARGET Business Day**"); and/or

(iii) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are generally open for business and settlement of Renminbi payments in Hong Kong; and/or

(iv) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual - ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

(vii) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30;

(viii) if "**Actual/Actual-ICMA**" is specified hereon,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date;

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s);

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified hereon;

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Hong Kong dollars or Renminbi other than where the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro nor Hong Kong dollars nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro or (iv) the day falling two Business Days in Hong Kong prior to the first day of such Interest Accrual Period if the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR;

"**Interest Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date;

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified hereon;

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon;

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

"**Reference Banks**" means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market and, in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market and, in the case of a determination of CNH HIBOR, the principal Hong Kong office of four major banks dealing in Renminbi in the Hong Kong inter-bank market, in each case selected by the Issuer or the Independent Investment Bank (as defined in Condition 5(b)(iii)(B)) or as specified hereon;

"**Reference Rate**" means the rate specified as such hereon;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption column or other part of a particular information service);

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated; and

"**T2**" means the real time gross settlement system operated by the Eurosystem, or any successor system.

(l) **Calculation Agent**: The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for it or them hereon and for so long as any Note or Coupon is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior written approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap

or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

Where any Rate of Interest, Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount is not expressly required by these Conditions to be calculated or determined by the Calculation Agent, none of the Trustee, the Calculation Agent or the other Agents shall be responsible or have any obligation to make any such calculation or determination, and none of them shall be responsible or liable to the Noteholders or any other person for not doing so.

6. Redemption, Purchase and Options

(a) **Redemption by Instalments and Final Redemption**:

(i) Unless previously redeemed, or purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed, or purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its outstanding nominal amount) or, in the case of a Note falling within Condition 6(a)(i) above, its final Instalment Amount.

(b) **Early Redemption**:

(i) **Zero Coupon Notes**:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c), Condition 6(d), Condition 6(e), Condition 6(f) or Condition 6(g) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below of this Condition 6(b)(i), the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Accrual Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c), Condition 6(d), Condition 6(e), Condition 6(f) or Condition 6(g) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above of this Condition 6(b)(i), except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph (C) shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date

falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) **Other Notes**: The Early Redemption Amount payable in respect of any Note (other than Notes described in Condition 6(b)(i) above), upon redemption of such Note pursuant to Condition 6(c), Condition 6(d), Condition 6(e), Condition 6(f) or Condition 6(g) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons**: The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note) or at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16 (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued up to but excluding the date fixed for redemption), if the Issuer (or, if the Guarantee was called, the Guarantor) satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdictions, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) become due. Prior to the giving of any notice of redemption pursuant to this Condition 6(c), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (A) a certificate in English signed by an Authorised Signatory of the Issuer (or by an Authorised Signatory of the Guarantor, as the case may be) stating that the obligation referred to in (i) above of this Condition 6(c) cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and (B) an opinion, addressed to and in form and substance satisfactory to the Trustee, of independent legal or tax advisers of recognised standing to the effect that the Issuer or the Guarantor (as the case may be) has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment, and the Trustee shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(c) without further enquiry and without liability to any Noteholder or Couponholder, in which event the same shall be conclusive and binding on the Noteholders and Couponholders. All Notes in respect of which any notice of redemption is given under Condition 6(c) shall be redeemed on the date and in such manner as specified in such notice in accordance with this Condition 6(c).

(d) **Redemption for Change of Control**: If Change of Control Put Option is specified as applicable hereon, at any time following the occurrence of a Change of Control, the holder of any Note will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Notes on the CoC Put Settlement Date at their principal amount, together with interest accrued up to but excluding such CoC Put Settlement Date (as defined below). To exercise such right, the holder of the relevant Note must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent (or in the case of Registered Notes) the Certificates representing such Note(s) with the Registrar or any Transfer Agent, in each case at its specified office together with a duly completed and signed notice of redemption, in the form for the

time being current, obtainable from the specified office of any Paying Agent, Transfer Agent or the Registrar (as applicable) (a "**CoC Put Exercise Notice**"), by not later than 30 days following the occurrence of a Change of Control or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 16. The "**CoC Put Settlement Date**" shall be the 14th day after the expiry of such period of 30 days as referred to above in this Condition 6(d).

A CoC Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes subject to the CoC Put Exercise Notices delivered as aforesaid on the CoC Put Settlement Date.

The Issuer, failing whom the Guarantor, shall give notice to the Noteholders in accordance with Condition 16 and to the Trustee and the Principal Paying Agent in writing by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition 6(d) and shall give brief details of the Change of Control.

The Trustee and the Agents shall not be required to monitor or take any steps to ascertain whether a Change of Control or any event which may result in a Change of Control has occurred and shall not be responsible for, or liable to, the Noteholders, the Issuer, the Guarantor or any other person for any loss or liability arising from any failure to do so. The Trustee and the Agents shall not be required to investigate or verify the accuracy, content, completeness or genuineness of any document provided to it by the Issuer or the Guarantor or any other person as part of or in connection with a CoC Put Exercise Notice.

In these Conditions:

a "**Change of Control**" occurs when:

(i) any Person or Persons acting together acquires or acquire Control of the Guarantor;

(ii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Guarantor or the successor entity; or

(iii) one or more Persons acquires the legal or beneficial ownership of all or substantially all of the Guarantor's issued share capital; and

"**Control**" means (i) the ownership or control of more than 50 per cent. of the voting rights of the issued share capital of the Guarantor or (ii) the right to appoint and/or remove all or the majority of the members of the Guarantor's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

"**Person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include (a) the Guarantor's board of directors or any other governing board; (b) the Guarantor's wholly-owned direct or indirect subsidiaries, or (c) any persons that have, or would be deemed to have, Control of the Guarantor on or before the date on which the agreement is reached to issue the first Tranche of the Notes.

"**Relevant Jurisdiction**" means the Cayman Islands or Hong Kong or, in the event that the Issuer or the Guarantor is organised or resident (or deemed to be organised or resident) for tax purposes therein, the PRC (which for this purpose, excludes Hong Kong, Macau and Taiwan) or any political subdivision or any authority therein or thereof having power to tax to which the Issuer or the Guarantor becomes subject in respect of payments made by it in respect of the Notes, the Receipts and Coupons or under the Guarantee (as the case may be).

(e) **Redemption at the Option of the Issuer (Issuer Call)**:

(i) If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders in accordance with Condition 16 (or such other notice period as may be specified hereon) and in writing to the Trustee and the Principal Paying Agent, redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued up to but excluding the date fixed for redemption.

(ii) If Make-Whole Amount is specified hereon as the Optional Redemption Amount, the Optional Redemption Amount per Note shall be equal to the higher of (A) 100 per cent. of the principal amount of the Note so redeemed; and (B) the sum of the present values of the remaining scheduled payments of principal and Remaining Term Interest (assuming for this purpose the Notes are to be redeemed at their nominal amount on the Make-Whole Reference Date), in each case discounted to the relevant Optional Redemption Date on either an annual or a semi-annual basis as specified hereon (based on the Day Count Fraction specified hereon) at the Reference Rate plus any applicable Redemption Margin specified hereon, in each case together with interest accrued to but excluding the relevant Optional Redemption Date.

Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(e).

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as determined by the Issuer and notified in writing to the Trustee and the Principal Paying Agent, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

The Issuer's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

In this Condition:

"**Business Day**" has the meaning ascribed thereto in Condition 5;

"**Make-Whole Reference Date**" means the earliest of (i) the Maturity Date, (ii) the Par Call Period Commencement Date (if applicable), and (iii) such other date (if any) specified hereon;

"**Reference Rate**" means, with respect to any Optional Redemption Date, the yield determined by the Issuer and notified by it in writing to the Relevant Dealer(s) in accordance with the following:

(A) If the Notes are denominated in U.S. dollars, then the Reference Rate shall be determined by the Issuer after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third Business Day preceding the Optional Redemption Date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily) - H.15" (or any successor designation or publication) ("**H.15**") under the caption "U.S. government securities–Treasury constant maturities–Nominal" (or any successor caption or heading) ("**H.15 TCM**"). In determining the Reference Rate, the Issuer shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period

from the Optional Redemption Date to the Make-Whole Reference Date (the "**Remaining Life**"); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields – one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life – and shall interpolate to the Make-Whole Redemption Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the Optional Redemption Date.

If on the third Business Day preceding the Optional Redemption Date H.15 TCM is no longer published, the Issuer shall calculate the Reference Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second Business Day preceding such Optional Redemption Date of the United States Treasury security maturing on, or with a maturity that is closest to, the Make-Whole Redemption Date, as applicable. If there is no United States Treasury security maturing on the Make-Whole Redemption Date but there are two or more United States Treasury securities with a maturity date equally distant from the Make-Whole Redemption Date, one with a maturity date preceding the Make-Whole Redemption Date and one with a maturity date following the Make-Whole Redemption Date, the Issuer shall select the United States Treasury security with a maturity date preceding the Make-Whole Redemption Date. If there are two or more United States Treasury securities maturing on the Make-Whole Redemption Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Issuer shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Reference Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

(B) If the Notes are denominated in a currency other than U.S. dollars, then the Reference Rate will be further specified hereon.

"**Remaining Term Interest**" means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term to the Make-Whole Reference Date determined on the basis of the rate of interest applicable to such Note from and including the relevant Optional Redemption Date.

(f) **Redemption at the Option of the Issuer (Issuer Par Call)**:

If Issuer Par Call is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders in accordance with Condition 16 (or such other notice period as may be specified hereon) and in writing to the Trustee and the Principal Paying Agent, redeem all or, if so provided, some of the Notes at any time during the period as specified hereon prior to the Maturity Date (the "**Par Call Period Commencement Date**") to (but excluding) the Maturity Date, at the Final Redemption Amount specified hereon together with interest (if any) accrued up to but excluding the date fixed for redemption.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn

in such place and in such manner as determined by the Issuer and notified in writing to the Trustee and the Principal Paying Agent, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(g) **Redemption at the Option of Noteholders**: If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified hereon, together with interest accrued up to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent, in each case at its specified office, together with a duly completed option exercise notice (an "**Exercise Notice**") in the form for the time being current, obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(h) **Partly Paid Notes**: Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 6 and the provisions specified hereon.

(i) **Purchases**: The Issuer, the Guarantor and their respective Subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of, among other things, calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11(a) and 12.

(j) **Cancellation**: All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries shall be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Principal Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

(k) (i) none of the Trustee, the Calculation Agent or the other Agents shall be under any duty to determine, calculate or verify any amount payable on redemption of the Notes under any of Conditions 6(a) to 6(g) (both inclusive) and none of them will be responsible or liable to any Noteholder or any other person for any loss or liability arising from any failure by any of them to do so; and (ii) none of the Trustee, the Calculation Agent or the other Agents shall be responsible for determining or verifying whether a Note is to be accepted for redemption under Condition 6 and none of them will be responsible to Noteholders or any other person for any loss or liability arising from any failure by any of them to do so.

7. Payments and Talons

(a) **Bearer Notes**: Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relevant Note), Notes (in the case of all other payments of principal and,

in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be:

(i) in the case of Notes denominated in a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by transfer to an account denominated in such currency with, a Bank; and

(ii) in the case of Notes denominated in Renminbi, by transfer from the relevant Paying Agent's office outside the United States to a Renminbi account maintained by or on behalf of the Noteholder with a Bank in Hong Kong.

In this Condition 7(a) and in Condition 7(c), "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to T2.

Payments of principal and interest in respect of Bearer Notes held in the CMU will be made to the CMU for their distribution, on the order of the holder of the Bearer Notes, to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

(b) **Payments in the United States**: Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(c) **Registered Notes**:

(i) Payments of principal (which for the purposes of this Condition 7(c) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(c)(ii).

(ii) Interest (which for the purpose of this Condition 7(c) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof or in the case of Renminbi or otherwise specified, on the fifth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made:

(A) in the case of Notes denominated in a currency other than Renminbi, in the relevant currency by transfer to an account in the relevant currency maintained by the payee with a Bank; and

(B) in the case of Notes denominated in Renminbi, by transfer to the registered account of the Noteholder.

In this Condition 7(c), "**registered account**" means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

*For so long as any of the Notes are represented by the Global Certificate, which is registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the "**Operator**") of the Central Moneymarkets Unit Service (the "**CMU**"), the CMU Lodging and Paying Agent will make payments to the Operator who will make payments to each CMU participant who is at*

*the close of business on the Clearing System Business Day immediately prior to the date of payment shown on the records of the Operator as the holder of a particular principal amount of Notes (each an "**accountholder**"), where "**Clearing System Business Day**" means a day on which the CMU is operating and open for business. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants, and the Trustee, the CMU Lodging and Paying Agent and other Agents shall have no liability to the Noteholders, the Issuer, the Guarantor, the CMU participants, the indirect participants, any accountholder or any other person in respect of any such payment.*

Payments of principal and interest in respect of Registered Notes held in the CMU will be made to the CMU for their distribution, on the order of the holder of the Registered Notes, to the person(s) for whose account(s) interests in the relevant Registered Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

(d) **Payments subject to Fiscal Laws**: All payments are subject in all cases to (i) any fiscal or other laws, regulations and directives applicable thereto in the place of payment but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders, the Receiptholders or the Couponholders in respect of such payments.

(e) **Appointment of Agents**: The Principal Paying Agent, the CMU Lodging and Paying Agent, the other Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Principal Paying Agent, the CMU Lodging and Paying Agent, the other Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder, Receiptholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee (where required in accordance with the Agency Agreement) to vary or terminate the appointment of the Principal Paying Agent, the CMU Lodging and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer and the Guarantor shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a CMU Lodging and Paying Agent in relation to Notes accepted for clearance through the CMU, (v) one or more Calculation Agent(s) where these Conditions so require and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(c) above.

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Noteholders in accordance with Condition 16.

(f) **Unmatured Coupons and Receipts and unexchanged Talons**:

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index linked Notes), such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal

so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note that provides that the relevant unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) **Talons**: On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) **Non-Business Days**: If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are generally open for business in the relevant place of presentation (if presentation and/or surrender of such Notes, Receipt or Coupon is required), in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

(A) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(B) (in the case of a payment in euro) which is a TARGET Business Day; or

(C) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

For the purposes of any payments made in respect of a Global Note or a Global Certificate, the words "in the relevant place of presentation" shall not apply in the definition of "business day" in this Condition 7(h) (Non-Payment Business Days).

8. Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and the Coupons or under the Guarantee (as the case may be) shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within any of the Relevant Jurisdictions unless such withholding or deduction is required by law.

In that event, the Issuer or, as the case may be, the Guarantor, shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Note, Receipt or Coupon or under the Guarantee (as the case may be):

(i) to, or to a third party on behalf of, a Noteholder or Couponholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with any Relevant Jurisdiction other than the mere holding of the Note, Receipt or Coupon; or

(ii) presented (or in respect of which the Certificate representing it is presented) for payment (where presentation is required) more than 30 days after the Relevant Date except to the extent that the Noteholder or Couponholder would have been entitled to such Additional Tax Amounts on presenting it for payment on the thirtieth day.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (A) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (B) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (C) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition 8 or any undertaking given in addition to or in substitution for it under the Trust Deed.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for (A) determining whether the Issuer, the Guarantor, any Noteholder, any Receiptholder or any Couponholder is liable to pay any taxes, duties, charges, withholding or other payment referred to in this Condition 8; or (B) determining the sufficiency or insufficiency of any amounts to be paid. None of the Trustee or the Agents shall be responsible or liable for any failure by the Issuer, the Guarantor, any Noteholder, Receiptholder or Couponholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes, the Receipts or the Coupons without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

9. Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. Events of Default

If any of the following events (each an "**Event of Default**") occurs, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. in aggregate nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (provided in any such case that the Trustee shall first have been indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer and the Guarantor declaring that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

(a) **Non-Payment**: if default is made in the payment of any principal, premium or interest due in respect of the Notes or any of them and the default continues for a period of 7 days in the case of principal or premium or 14 days in the case of interest; or

(b) **Breach of Other Obligations**: if the Issuer or the Guarantor fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where the Trustee is of the opinion that the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for a period of 30 days following the service by the Trustee on the Issuer or the Guarantor (as the case may be) of notice requiring the same to be remedied; or

(c) **Cross-Default**: if (i) any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries becomes due and repayable prematurely by reason of an event of default, acceleration or Potential Event of Default (however described); (ii) the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment as extended by any applicable grace period; or (iii) the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries fails to make any payment in respect of any amount payable under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person on the due date for payment as extended by any applicable grace period; provided that no event described in this Condition 10(c) shall constitute an Event of Default unless the Indebtedness for Borrowed Money or other related liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid as specified in (i) through (iii) inclusive above of this Condition 10(c) which have occurred and are continuing, amounts to at least U.S.$100,000,000 (or the equivalent thereof in any other currency); or

(d) **Winding-up**: if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries, save in the case of any Principal Subsidiary, for (i) any voluntary solvent winding up, liquidation or dissolution; or (ii) any reorganisation whereby the business, undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Guarantor and/or another Subsidiary of the Guarantor; and in each case, for the purposes of reorganisation on terms approved in writing by an Extraordinary Resolution of the Noteholders; or

(e) **Cessation of business, etc**.: if the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries ceases or (through an official action of the board of directors of the Guarantor or, as the case may be, the relevant Principal Subsidiary) threatens to cease to carry on all or any substantial part of its business (save (i) in the case of any Principal Subsidiary, where the cessation is for the purposes of a solvent winding-up, dissolution, reconstruction, merger or consolidation whereby the business, undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Guarantor and/or another Subsidiary of the Guarantor; (ii) in the case of any Principal Subsidiary, as a result of a disposal on arm's length terms; and (iii) in each case, for the purposes of reorganisation on terms approved by an

Extraordinary Resolution of the Noteholders) or the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries stops payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is adjudicated or found bankrupt or insolvent; or

(f) **Enforcement Proceedings**: if any Security (as defined in Condition 4(a)), present or future, created or assumed by the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries becomes enforceable and (i) proceedings are initiated against the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries, or (ii) the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries (or their respective directors or shareholders) initiates or consents to any judicial proceedings relating to itself, under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a general moratorium in respect of all or any substantial part of its debts), or (iii) an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries or, as the case may be, in relation to all or any substantial part of the undertaking or assets of any of them or an encumbrancer takes possession of all or any substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon or put in force against all or any substantial part of the undertaking or assets of any of them, and in any such case (other than the appointment of an administrator) unless initiated by the relevant company is not discharged or stayed within 40 days; or

(g) **Conveyance or Assignment**: if the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors); or

(h) **Nationalisation**: (i) all or (other than on arm's length terms) any substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries is seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (ii) the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries is prevented by any such person from exercising normal control over all or (other than on arm's length terms) any substantial part of its undertaking, assets and revenues; or

(i) **Wholly-owned Subsidiary**: if the Issuer ceases to be a subsidiary wholly-owned and controlled, directly or indirectly, by the Guarantor; or

(j) **Invalidity or Enforceability**: if the Notes, the Coupons, the Guarantee, the Trust Deed or the Agency Agreement are or become unenforceable or invalid; or

(k) **Authorisations**: if any regulation, decree, consent, approval, licence or other authority necessary to enable the Issuer or the Guarantor to perform its obligations under the Notes, the Coupons, the Trust Deed or the Agency Agreement or for the validity or enforceability thereof expires or is withheld, revoked or terminated or otherwise ceases to remain in full force and effect or is modified; or

(l) **Analogous Events**: if any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in Conditions 10(d) to 10(k) (both inclusive).

In this Condition 10:

"**Indebtedness for Borrowed Money**" means any indebtedness (whether being principal, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit;

"**Intermediate Single Subsidiary Holding Company**" means a Subsidiary whose sole business is the holding of shares, interests or units in one other Subsidiary (but, for the avoidance of doubt, not more than one other Subsidiary) and any other activities incidental thereto;

"**Potential Event of Default**" means an event or circumstance provided for in Condition 10 which could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement become an Event of Default; and

"**Principal Subsidiary**" means any Subsidiary of the Guarantor:

(i) whose net profit or (in the case of a Subsidiary which itself has subsidiaries) consolidated net profit (before taxation and extraordinary items), as shown by its latest audited income statement are at least 10 per cent. of the consolidated net profit (before taxation and extraordinary items) as shown by the latest published audited consolidated income statement of the Guarantor and its Subsidiaries; or

(ii) whose gross assets or (in the case of a Subsidiary which itself has subsidiaries) consolidated gross assets, as shown by its latest audited balance sheet are at least 10 per cent. of the consolidated gross assets of the Guarantor and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Guarantor and its Subsidiaries; or

provided that, in relation to paragraphs (i) and (ii) above of this definition:

(a) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(b) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (a) above of this definition) are not consolidated with those of the Guarantor, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor;

(c) in relation to any Subsidiary of the Guarantor, each reference in (i), (ii), (a) or (b) above of this definition to all or any of the accounts (consolidated or otherwise) of such Subsidiary shall be deemed to be a reference to the relevant audited accounts of such Subsidiary if it customarily prepares accounts which are audited and, if not, to the relevant unaudited accounts of such Subsidiary which shall be certified by any director of such Subsidiary as having been properly prepared in accordance with generally accepted accounting principles applicable to such Subsidiary;

(d) if the then latest published audited consolidated income statement of the Guarantor and its Subsidiaries show a net loss for the relevant financial period then there shall be substituted for the words "**net profit**" or "**consolidated net profit**", as the case may be, the words "**gross revenues**" or "**consolidated gross revenues**" for the purposes of this definition; and

(e) notwithstanding the foregoing provisions, in the case of an Intermediate Single Subsidiary Holding Company which is not otherwise required to, and does not, prepare consolidated accounts, such Intermediate Single Subsidiary Holding Company shall not be required to prepare consolidated accounts solely for the purpose of determining whether or not it is a Principal Subsidiary but in those circumstances it shall be deemed to be a Principal Subsidiary if its Subsidiary is itself a Principal Subsidiary; or

(f) any Subsidiary of the Guarantor to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall become a Principal

Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provision of paragraphs (i) or (ii) above of this definition.

A report by any director of the Guarantor whether or not addressed to the Trustee that in his or her opinion a Subsidiary of the Guarantor is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall (in the absence of manifest error) be conclusive and binding on all parties.

11. Meetings of Noteholders, Modification, Waiver and Substitution

(a) **Meetings of Noteholders**: The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of the Noteholders of a modification of any of these Conditions or any provisions of the Trust Deed and the Agency Agreement. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing to do so by Noteholders holding not less than 10 per cent. In aggregate nominal amount of the Notes for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution of the Noteholders shall be one or more persons holding or representing more than 50 per cent. In aggregate nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest and/or an Instalment Amount and/or a Redemption Amount is shown hereon, to reduce any such Minimum Rate of Interest and/or Maximum Rate of Interest and/or Instalment Amount and/or Redemption Amount, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, or (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (viii) to modify or cancel the Guarantee (subject to Condition 11(b)), in which case the necessary quorum will be one or more persons holding or representing not less than 66 2/3 per cent. Or at any adjourned meeting not less than 25 per cent. In aggregate nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution of the Noteholders duly passed shall be binding on all Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution (x) in writing signed by or on behalf of the holders of not less than 75 per cent. in aggregate nominal amount of the Notes for the time being outstanding, or (y) passed by Electronic Consent (as defined in the Trust Deed) shall for all purposes be as valid and effective as an Extraordinary Resolution of the Noteholders passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(b) **Modification of Agreements and Deeds**: The Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders, the Receiptholders or the Couponholders, to (i) any modification of any

of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of applicable law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of, or any failure to comply with, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders, the Receiptholders and the Couponholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer or the Guarantor to the Noteholders as soon as practicable thereafter in accordance with Condition 16.

(c) **Substitution**: The Trust Deed contains provisions permitting (but not obliging) the Trustee to agree, subject to such amendment of the Trust Deed, the Agency Agreement and such other conditions as may be set out in the Trust Deed or as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any Subsidiary as defined in the Trust Deed of the Issuer or its successor in business or of the Guarantor or its successor in business or any Subsidiary of the Guarantor or its successor in business in place of the Issuer or the Guarantor, or of any previous substituted company, as principal debtor or guarantor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) **Entitlement of the Trustee**: In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 11) the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the Trustee shall not be entitled to require on behalf of any Noteholder, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

12. Enforcement

At any time after the Notes become due and payable, the Trustee may (but shall not be obliged to), at its discretion and without notice, take and/or institute such steps, actions and/or proceedings (including lodging an appeal in any proceedings) against or in relation to the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Guarantee, the Notes, the Receipts and the Coupons, but it need not take any such steps, actions and/or proceedings in relation to the Trust Deed, the Guarantee, the Notes, the Receipts and the Coupons unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding at least 25 per cent. in aggregate nominal amount of the Notes then outstanding, and (b) it shall first have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder, Receiptholder and/or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing.

13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability, including without limitation provisions relieving it from taking steps and/or actions and/or

instituting proceedings to enforce payment unless first indemnified and/or secured and/or pre-funded to its satisfaction and entitling the Trustee to be paid or reimbursed for any fees, costs, expenses, indemnity payments and for liabilities incurred by it, in priority to the claims of the Noteholders.

The Trust Deed also contains provisions pursuant to which each of the Trustee and its affiliates is entitled, inter alia, (a) to enter into business transactions with the Issuer and/or the Guarantor and/or any of the Guarantor's other Subsidiaries without accounting for any profit and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the Guarantor and/or any of the Guarantor's other Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer and/or the Guarantor in relation to the Notes of the duties and obligations on their part expressed in respect of the same in these Conditions or under the Trust Deed or the Agency Agreement, and, unless it has written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Noteholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled (but shall not be obliged) to rely conclusively on any direction, request or resolution of Noteholders given by holders of the requisite nominal amount or percentage of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions or clarifications of any directions from the Noteholders by way of an Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or clarification of any direction or in the event that no such directions are received. The Trustee shall have no obligation to monitor or ascertain whether any Event of Default (as defined in Condition 10), Potential Event of Default (as defined in Condition 4(d)) or Change of Control (as defined in Condition 6(d)) has occurred or to monitor compliance by the Issuer or the Guarantor with the provisions of the Trust Deed, the Agency Agreement or these Conditions, and shall not be liable to the Noteholders, Receiptholders and/or Couponholders or any other person for not doing so.

The Trustee may rely conclusively without inquiry or verification and without liability to the Issuer, the Guarantor, Noteholders, Receiptholders, Couponholders and/or any other person on any report, confirmation or certificate or any information form or any advice or opinion of any legal advisers, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely conclusively and without inquiry or verification on any such report, confirmation, certificate, information, advice or opinion and, in such event, such report, confirmation, certificate, information, advice or opinion shall be binding on the Issuer, the Guarantor and the Noteholders, Receiptholders and Couponholders.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, the Guarantor and their respective Subsidiaries, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

14. Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer or the relevant Agent may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

15. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them and if applicable, the timing for the notification to the NDRC and/or issue prices) and so that such further issue shall be consolidated and form a single series with an outstanding Series. References in these Conditions to the Notes include (unless the context requires otherwise) any such other securities issued pursuant to this Condition 15 and consolidated and forming a single series with the Notes.

16. Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and, so long as the Notes are listed on a stock exchange and the rules of that exchange so require, published at the expense of the Issuer (failing whom the Guarantor) in a leading newspaper having general circulation in Asia (which is expected to be the Wall Street Journal Asia). Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Asia and, so long as the Notes are listed on a stock exchange and the rules of that exchange so require, published at the expense of the Issuer (failing whom the Guarantor) in a daily newspaper with general circulation in Asia (which is expected to be the Wall Street Journal Asia). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 16.

So long as any Global Note or any Global Certificate is held in its entirety on behalf of Euroclear and Clearstream, any notice to the holders of the Notes shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by these Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

So long as any Global Note or any Global Certificate is held on behalf of the Operator any notice to the holders of the Notes shall be validly given by the delivery of the relevant notice to the CMU for communication by the CMU to each relevant accountholder in substitution for notification as required by these Conditions. Indirect participants will have to rely on the CMU participants (through whom they hold the Notes, in the form of interests in a Global Note or a Global Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

17. Contracts (Rights of Third Parties) Act 1999

Save as contemplated in these Conditions, no person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18. Governing Law and Jurisdiction

(a) **Governing Law**: The Trust Deed, the Notes, the Receipts, the Coupons and the Talons, the Agency Agreement and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law.

(b) **Jurisdiction**: The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, Receipts, Coupons or Talons, the Trust Deed and the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons, Talons, the Trust Deed or the Agency Agreement ("**Proceedings**") may be brought in the courts of Hong Kong. Pursuant to the Trust Deed, each of the Issuer, the Guarantor and the Trustee has irrevocably submitted to the exclusive jurisdiction of the courts of Hong Kong and waived any objection to the jurisdiction of the courts of Hong Kong on the grounds that they are an inconvenient or inappropriate forum.

(c) **Agent for Service of Process**: The Issuer has irrevocably agreed to receive service of process at the registered office of the Guarantor in any Proceedings in Hong Kong. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer or the Guarantor, as the case may be). If for any reason the Guarantor ceases to have a place of business in Hong Kong, each of the Issuer and the Guarantor shall forthwith appoint an agent in Hong Kong to accept service of process on behalf of the Issuer and the Guarantor and deliver to the Trustee a copy of the new agent's acceptance of that appointment within 30 days of the Guarantor ceasing to have a place of business in Hong Kong. Nothing in this Condition 18(c) shall affect the right to serve process in any manner permitted by law.

(d) **Sovereign Immunity**: Each of the Issuer and the Guarantor has in the Trust Deed irrevocably and unconditionally waived and agreed not to raise with respect to the Trust Deed and the Notes any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably and unconditionally consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgement made or given in connection with any Proceedings (including any Proceedings relating to any non-contractual obligations arising out of or in connection with these presents).

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Global Notes and Global Certificates will contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the Terms and Conditions of the Notes. The following is a summary of certain of those provisions. Terms used in this section that are not otherwise defined shall have the meanings given to them in "Terms of Conditions of the Notes".

Initial Issue of Notes

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream (the "**Common Depositary**") or a sub-custodian for the CMU.

Upon the initial deposit of a Global Note or a Global Certificate with the Common Depositary or with a sub-custodian for the CMU or registration of Registered Notes in the name of (i) any nominee for the Common Depositary or for Euroclear and Clearstream or (ii) the Hong Kong Monetary Authority as operator of the CMU and delivery of the relevant Global Note or Global Certificate to the Common Depositary or the sub-custodian for the CMU (as the case may be), Euroclear or Clearstream or the CMU (as the case may be) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream or any other clearing system (an "**Alternative Clearing System**") (except as mentioned in the paragraph below) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

For so long as any of the Notes are represented by a Global Note or a Global Certificate, which is registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the "**Operator**") of the CMU, the CMU Lodging and Paying Agent will make payments to the Operator who will make payments to each CMU participant who is at the close of business on the Clearing System Business Day immediately prior to the date of payment shown on the records of the Operator as the holder of a particular principal amount of Notes (each an "**accountholder**"). Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods.

Exchange

Temporary Global Notes

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with TEFRA C or in a transaction to which TEFRA is not applicable (as to which, see "*Summary of the Programme — Selling Restrictions*"), in whole, but not in part, for the Definitive Notes defined and described below; and

(ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

The CMU may require that any such exchange for a Permanent Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders have so certified.

The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused. The payments in respect of a Note issued under TEFRA D pursuant to Conditions 6(d), 6(e) and 6(f) of the Terms and Conditions of the Notes may not be collected without certification as to non-U.S. beneficial ownership.

Permanent Global Notes

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not in part for Definitive Notes if the Permanent Global Note is held on behalf of Euroclear, Clearstream, the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Global Certificates

The following will apply in respect of transfers of Notes held in Euroclear, Clearstream, the CMU or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system. Transfer of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) of the Terms and Conditions of the Notes may only be made in part if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

In the event that a Global Certificate is exchanged for a definitive certificate, such definitive certificate shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive certificate in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Delivery of Notes

On or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Principal Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent).

In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. Global Notes, Global Certificates and Definitive Notes will be delivered outside the United States and its possessions. In this

Offering Circular, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

Exchange Date

"**Exchange Date**" means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and in the city in which the relevant clearing system is located.

Amendment to Terms and Conditions of the Notes

The Temporary Global Notes, Permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Terms and Conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused.

Payments on any Temporary Global Note issued in compliance with TEFRA D before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note (except with respect to a Global Note held through the CMU) will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Principal Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be enfaced on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 7(f)(vi) will apply to the Definitive Notes only. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation (if applicable) shall be disregarded in the definition of "**business day**" set out in Condition 7(h) of the Terms and Conditions of the Notes.

The Issuer, for value received, promises to pay to the Registered Holder (as defined in the relevant Global Certificate) of the Notes represented by such Global Certificate on the Maturity Date the amount payable upon redemption under the Conditions in respect of the Notes represented by such Global Certificate and to pay interest in respect of such Notes from the Interest Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Terms and Conditions of the Notes, save that the calculation is made in respect of the total aggregate amount of the Notes represented by such Global Certificate, together with such other sums and additional amounts (if any) as may be payable under the Terms and Conditions of the Notes, in accordance with the Terms and Conditions of the Notes.

All payments in respect of Notes represented by a Global Certificate (other than a Global Certificate held through the CMU) will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

In respect of a Global Note or Global Certificate held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note or Global Certificate are credited at the close of business on the Clearing System Business Day immediately prior to the date of payment shown on the records of the Operator as the holder of a particular principal amount of Notes and, save in the case of final payment, no presentation of the relevant bearer Global Note or Global Certificate shall be

required for such purpose. For the purposes of this paragraph, "**Clearing System Business Day**" means a day on which the CMU is operating and open for business.

Prescription

Claims against the Issuer in respect of Notes that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8 of the Terms and Conditions of the Notes).

Meetings

The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholders holding, whether or not represented by a Global Certificate.

Cancellation

Cancellation of any Note represented by a Permanent Global Note that is required by the Terms and Conditions of the Notes to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Note or its presentation to or to the order of the Principal Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) for endorsement in the relevant schedule of such Permanent Global Note or, in the case of a Global Certificate, by reduction in the aggregate principal amount of the Certificates in the Register, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

Purchase

Notes represented by a Permanent Global Note or by a Global Certificate may only be purchased by the Issuer, the Guarantor or any of their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

Issuer's Option

Any option of early redemption of any Notes of the Issuer provided for in the Terms and Conditions of the Notes while such Notes are represented by a Permanent Global Note or by a Global Certificate shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Terms and Conditions of the Notes, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required.

In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, the CMU or any other clearing system (as the case may be).

Noteholders' Options

Any option of the Noteholders of any Notes provided for in the Terms and Conditions of the Notes while such Notes are represented by a Permanent Global Note may be exercised by the holder of the Permanent Global Note giving notice to the Principal Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) within the time limits relating to the deposit of Notes with a Paying Agent set out in the Terms and Conditions of the Notes substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised and the option may be exercised in respect of the whole or any part of the Permanent Global Note, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the Permanent Global Note to the Principal Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent), for

notation. Any option of the Noteholders provided for in the Terms and Conditions of the Notes while such Notes are represented by a Global Certificate may be exercised in respect of all or some of the Notes represented by the Global Certificate.

Trustee's Powers

In considering the interests of Noteholders while any Global Certificate or Global Note is held on behalf of, or Registered Notes are registered in the name of, or in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Certificate, Global Note or Registered Notes and may consider such interest if such accountholders were the holders of the Notes represented by such Global Note or the relevant Global Certificate, as the case may be.

Notices

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of (i) Euroclear and/or Clearstream or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Certificate or the Global Note or (ii) the CMU, any notice to the holders of the Notes shall be validly given by the delivery of the relevant notice to the CMU for communication by the CMU to each relevant accountholder. Indirect participants will have to rely on the CMU participants (through whom they hold the Notes, in the form of interests in a Global Note or a Global Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a Permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holders in respect of them.

TAXATION

The following summary of certain Cayman Islands, Hong Kong, PRC and U.S. tax consequences of the purchase, ownership and disposition of Notes is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Noteholder or any persons acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. Persons considering the purchase of the Notes should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of Notes. Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any Notes under the laws of their country of citizenship, residence or domicile.

CAYMAN ISLANDS

The Cayman Islands currently have no exchange control restrictions and no income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax applicable to the Issuer.

Accordingly, payment of principal of (including any premium) and interest on, and any transfer of, the Notes will not be subject to taxation in the Cayman Islands, no Cayman Islands withholding tax will be required on such payments to any holder of the Notes and gains derived from the sale of the Notes will not be subject to Cayman Islands capital gains tax.

No stamp duty is payable under the laws of the Cayman Islands in respect of the execution and issue of the Notes provided that they are executed and remain outside the Cayman Islands.

HONG KONG

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of the Laws of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of the Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In addition, with effect from 1 January 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the "**FSIE Amendments**"), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Notes provided that either:

(i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of the Laws of Hong Kong (the "**SDO**")).

If stamp duty is payable it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Bearer Notes at the time of issue.

No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any sale and purchase or change in beneficial ownership of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any sale and purchase or change in beneficial ownership of Registered Notes provided that either:

(i) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Registered Notes constitute loan capital (as defined in the SDO).

With effect from 17 November 2023, if stamp duty is payable in respect of the sale and purchase of Registered Notes it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the value of the consideration or its value, whichever is higher. In addition,

stamp duty is payable at the fixed rate of HK$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

PRC

Under the PRC EIT Law and its implementation rules, any interests payable on the Notes to, or any gains realised on the transfer of the Notes by, the holders who are deemed under the PRC EIT Law as non-resident enterprises may be subject to PRC EIT if such interests or gains are regarded as income derived from sources within the PRC. Under the PRC EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. However, there remains uncertainty as to whether the interests payable on the Notes to, or the gains realised on the transfer of the Notes by, the non-resident enterprise holders would be treated as income derived from sources within the PRC and be subject to PRC EIT. Similarly, there remains uncertainty as to whether the interests payable on the Notes to, or the gains realised on the transfer of the Notes by, the individual holders who are not PRC citizens or residents will be subject to PRC IIT.

Pursuant to the PRC EIT Law, the PRC IIT Law and their respective implementation regulations, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-sourced income derived by non-resident enterprises or individuals, respectively, subject to adjustment by applicable treaty. Therefore, if the Issuer is deemed a PRC resident enterprise for PRC tax purposes, the interests payable on the Notes to, or the gains realised on the transfer of the Notes by, the non-resident enterprise or individual holders may be treated as income derived from sources within the PRC and be subject to PRC income tax (such income tax shall be withheld from each payment or payment due by the Issuer that is acting as the obligatory withholder under relevant PRC tax laws and regulations) at a rate of 10 per cent. for non-resident enterprise holders, and 20 per cent. for non-resident individual holders, respectively, unless an applicable tax treaty or arrangement reduces or exempts such income tax, including, without limitation, the Taxation Arrangement, with respect to the qualified holders who are Hong Kong residents, including both enterprise holders and individual holders.

Under Circular 36 which introduced VAT from 1 May 2016 to replace business tax and the New VAT Law, VAT is applicable where the entities or individuals provide services within the PRC. The revenues generated from the provision of taxable sale of services by entities and individuals, such as financial services, shall be subject to PRC VAT if the seller or buyer of the services is within the PRC. In the event that foreign entities or individuals do not have a business establishment in the PRC, the purchaser of services shall act as the withholding agent. According to the Explanatory Notes to Sale of Services, Intangible Assets and Real Property attached to Circular 36, "financial services" refer to the business activities of financial and insurance operation, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments, and the relevant VAT rate is 6 per cent. Accordingly, the interest and other interest like earnings in relation to the financial services will also be subject to PRC VAT at the rate of 6 per cent. If the Issuer is treated as a PRC resident enterprise for PRC tax purposes and if the PRC tax authorities take the view that the non-resident enterprise and individual holders are providing loans within the PRC, or if the Guarantor is treated as a PRC resident enterprise for PRC tax purposes and in the event that the Guarantor is required to fulfil its obligations under the Guarantee by making relevant payments on behalf of the Issuer, such non-resident enterprise and individual holders may be subject to PRC VAT when receiving the relevant payments under the Notes, and the Issuer or the Guarantor, as the case may be, will be obligated to withhold PRC VAT for such non-resident enterprise and individual holders. However, there is uncertainty as to whether gains derived from a sale or exchange of Notes consummated outside of the PRC between non-PRC resident Noteholders will be subject to PRC VAT. VAT is unlikely to be applicable to any transfer of Notes between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Notes, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located inside the PRC. In addition, there is uncertainty with regard to the interpretation and enforcement of Circular 36 together with other laws and regulations pertaining to VAT.

No PRC stamp duty will be imposed on non-PRC resident Noteholders upon issuance or transfer of Notes to the extent that the register of holders of the Notes is maintained outside the PRC and the issuance and the sale of the Notes is made outside of the PRC.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change.

Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

The Joint Arrangers have, in a programme agreement dated 30 June 2026, as amended and/or supplemented from time to time (the "**Programme Agreement**"), agreed with the Issuer and the Guarantor a basis on which they or any of them may from time to time agree to subscribe Notes. Any such agreement will extend to those matters stated under "*Terms and Conditions of the Notes*". Under the terms of the Programme Agreement, the Issuer (failing whom, the Guarantor) will pay each relevant Dealer a commission (if any) agreed between the Issuer, the Guarantor and the relevant Dealer in respect of Notes subscribed by it. The Issuer, failing whom the Guarantor, has agreed to reimburse the Arrangers for certain of their expenses properly incurred in connection with the establishment of the Programme and any future update of the Programme and the Dealers for certain of their activities in connection with the Programme.

Each of the Issuer and the Guarantor has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Dealers and certain of their affiliates may have performed certain investment banking and advisory services for each of the Issuer and the Guarantor and/or their affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of their business.

In connection with each Tranche of Notes issued under the Programme, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuer and the Guarantor or their subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes).

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct - Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the Guarantor, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Guarantor or any CMI (including its group companies) and inform the relevant Dealer accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the relevant CMI Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in the Offering Circular and/or the applicable Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may

need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes. CMIs are informed that a private bank rebate may be payable as stated above and in the applicable Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Dealers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Dealer(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to the Dealers named in the relevant Pricing Supplement.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant CMI Offering. The relevant Dealer may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Dealer with such evidence within the timeline requested.

Selling Restrictions

United States of America

In respect of Notes offered or sold in reliance on Category 1 as specified in the applicable Pricing Supplement, the Notes have not been and will not be registered under the Securities Act, and may not be offered or sold or, in the case of Bearer Notes, delivered within the United States except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold or, in the case of Bearer Notes, delivered, and will not offer or sell or, in the case of Bearer Notes, deliver, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S or pursuant to another exemption from the registration requirements of the Securities Act.

In respect of Notes offered or sold in reliance on Category 2 as specified in the applicable Pricing Supplement, the Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold or, in the case of Bearer Notes, delivered, any Notes, and will not offer or sell or, in the case of Bearer Notes, deliver, any Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, as determined and certified as provided below, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer who has subscribed for Notes of a Tranche (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such Tranche purchased by or through it or, in the case of a syndicated issue, the relevant lead manager) shall determine and certify to the Principal Paying Agent the completion of the distribution of the Notes of such Tranche. Each Dealer has also agreed, and each further Dealer appointed under the Programme will be required to agree, that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the relevant lead manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

In respect of Notes offered or sold in reliance on Category 1 as specified in the applicable Pricing Supplement, each Dealer represents and agrees that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Note, and, in respect of Notes offered or sold in reliance on Category 2 as specified in the applicable Pricing Supplement, it and they have complied and will comply with the offering restrictions requirement of Regulation S.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Notes which are also Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the relevant Pricing Supplement.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations.

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder. The applicable Pricing Supplement will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer, the Guarantor and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States. Distribution of this Offering Circular by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer and the Guarantor of any of their contents to any such U.S. person or other person within the United States, is prohibited.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the relevant Pricing Supplement in relation thereto to any retail investor in the European Economic Area.

For the purposes of this provision:

(i) the expression "**retail investor**" means a person who is one (or more) of the following:

  (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

  (b) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (c) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**");

(ii) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Prohibition of Sales to UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold, distributed or otherwise made available and will not offer, sell, distribute or otherwise make available any Notes which are the subject of this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom.

For the purposes of this provision:

(i) the expression "**retail investor**" means a person who is either one (or both) of the following:

  (a) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or

  (b) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024 ; and

(ii) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to buy or subscribe for the Notes.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of this Offering Circular as completed by the final terms in relation thereto to the public in the United Kingdom except that it may make an offer:

(A) at any time to any legal entity which is a qualified investor as defined in paragraph 15 of Schedule 1 to the POATRs;

(B) at any time to fewer than 150 persons (other than qualified investors as defined in paragraph 15 of Schedule 1 to the POATRs) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer;

(C) at any time if the denomination per Note being offered amounts to at least GBP50,000 (or equivalent); or

(D) at any time in any other circumstances falling within Part 1 of Schedule 1 to the POATRs.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to buy or subscribe for the Notes and the expression "**POATRs**" means the Public Offers and Admissions to Trading Regulations 2024.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented and agreed that: (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("Securities and Futures Ordinance") other than (a) to "professional investors" as defined in the Securities and Futures Ordinance of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, in each case whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such

Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular, any pricing supplement or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and are Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PRC

Each Dealer has represented and agreed that it has not offered or sold and will not offer or sell any of the Notes in the PRC (for such purposes, not including Taiwan, Hong Kong or Macau) or to residents of the PRC unless such offer or sale is made in compliance with all applicable laws and regulations of the PRC.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "Financial Instruments and Exchange Act"). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other relevant laws and regulations of Japan.

Taiwan

Each Dealer has represented, warranted and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, at any time, directly or indirectly, any Notes acquired by it as part of the offering in Taiwan or to, or for the account or benefit of, any resident of Taiwan, unless otherwise permitted by the laws and regulations of Taiwan.

The Cayman Islands

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make any invitation to the public in the Cayman Islands or a natural person who is a Cayman Islands resident or citizen to offer or sell the Notes and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the Cayman Islands, except as otherwise permitted by Cayman Islands law.

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply in all material respect with all applicable securities laws, regulations and directives in force in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular, any other offering or publicity material or any Pricing Supplement, in all cases at its own expense.

None of the Issuer, the Guarantor, the Trustee, the Agents or any of the Dealers represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. With regard to each Tranche, the relevant Dealer(s) will be required to comply with any additional restrictions agreed between the Issuer, the Guarantor and the relevant Dealer(s) and set out in the applicable Pricing Supplement.

GENERAL INFORMATION

1. **Listing of Notes**: Application has been made to the Hong Kong Stock Exchange for the listing of the Programme under which Notes may be issued under the Programme by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange. The issue price of Notes listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount. Transactions will normally be effected for settlement in the relevant specified currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that dealings will, if permission is granted to deal in and for the listing of such Notes, commence on or about the next business day following the date of listing of the relevant Notes. Notes listed on the Hong Kong Stock Exchange will have a denomination of at least HK$500,000 (or its equivalent in other currencies).

2. **Authorisations**: The giving of the Guarantee was authorised by the resolutions of the board of directors of the Guarantor on 27 June 2024. The Issuer and the Guarantor have obtained all necessary consents, approvals and authorisations in connection with the Programme by resolutions of the respective board of directors of the Issuer and the Guarantor, both dated 25 June 2026.

3. **NDRC Registration**: With respect to any applicable Tranche of the Notes, registration will be completed, or application for registration will be made, by the Guarantor in accordance with the Order 56 requirement. After issuance of any applicable Tranche of the Notes, the Guarantor shall report the issuance information to the NDRC within the prescribed timeframe in accordance with Order 56.

4. **No Material Adverse Change**: Other than as disclosed in this Offering Circular, there has been no material adverse change in the financial or trading position or prospects of the Issuer, the Guarantor or the Group since 31 December 2025.

5. **Litigation**: Other than as disclosed in this Offering Circular, none of the Issuer, the Guarantor or members of the Group is involved in any litigation or arbitration proceedings that the Issuer or the Guarantor believes are material in the context of the Notes nor is any of the Issuer or the Guarantor aware that any such proceedings are pending or threatened.

6. **Bearer Notes, Receipts, Coupons and Talons**: Notes issued pursuant to TEFRA D and any Receipts, Coupons or Talons appertaining thereto will bear the following legend: "ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

7. **Clearing of the Notes**: The Notes may be accepted for clearance through Euroclear, Clearstream or the CMU. The appropriate ISIN and common code or CMU Instrument Number in relation to the Notes of each Tranche will be specified in the relevant Pricing Supplement. If the Notes are to be cleared through any additional or alternative Clearing System, the appropriate information will be specified in the applicable Pricing Supplement.

8. **Available Documents**: For so long as Notes may be issued pursuant to this Offering Circular, copies of the following documents (in the case of the documents specified in paragraphs (iii) to (vi) below, subject to receipt by the Trustee from the Issuer or the Guarantor of the same) will be available (following written request and satisfactory proof of holding and identity), at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time) on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the principal place of business of the Trustee, being at the date of this Offering Circular at 3/F CCB Tower, 3 Connaught Road Central, Central, Hong Kong):

   (i) the Trust Deed (which includes the form of the Global Notes, the Global Certificates, the Notes in definitive form, the Coupons, the Receipts and the Talons);

   (ii) the Agency Agreement;

   (iii) the Memorandum and Articles of Association of each of the Issuer and the Guarantor;

(iv) copies of the Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2024 and 2025;

(v) each Pricing Supplement; and

(vi) a copy of this Offering Circular together with any supplement to this Offering Circular and any other documents incorporated herein or therein referenced.

So long as any Note is outstanding, the Issuer and the Guarantor have covenanted in the Trust Deed to send to the Trustee, within the time limits stipulated therein, copies of:

(i) the Guarantor's audited consolidated financial statements for each financial year of the Guarantor; and

(ii) the Guarantor's unaudited consolidated financial statements for each first semi-annual period of the Guarantor.

9. **Reliance on Certificates**: Pursuant to the Terms and Conditions of the Notes and the Trust Deed, the Trustee may rely without liability to the Issuer, the Guarantor, Noteholders, Receiptholders, Couponholders and/or any other person on any report, confirmation, certificate or any information from or any advice or opinion of any legal advisers, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, information, advice or opinion, in such event, such report, confirmation, certificate, information, advice or opinion shall be binding on the Issuer, the Guarantor, the Noteholders, Receiptholders and Couponholders.

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Independent Auditor's Report



To the members of China Overseas Land & Investment Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Overseas Land & Investment Limited (the "Company") and its subsidiaries (the "Group") set out on pages 131 to 224, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

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

Independent Auditor's Report (continued)

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties The Group's investment properties amounted to approximately RMB208,399 million as at 31 December 2024 and fair value gains of approximately RMB417 million were accounted for under "gains arising from changes in fair value of investment properties" in the consolidated income statement. Management engaged independent valuers to determine the valuation of the Group's investment properties. There are significant judgements and estimates involved in the valuation which mainly include: • Completed investment properties: The valuation was arrived at using the investment approach by considering the capitalised income derived from the existing tenancies and the reversionary potential, including reversionary yields and prevailing market rents, of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions. • Investment properties under construction: The valuation was arrived at using the residual method by making reference to estimated selling prices as available in the relevant market. The estimated cost to complete the development and estimated developer's profit as at the date of valuation were also taken into account. The significance of the carrying amounts of the investment properties to the consolidated financial statements and the existence of significant judgements and estimates of the assumptions involved in the property valuations warrant specific audit focus and attention on this area. Related disclosures are included in notes 3(b), 4(a) and 17 to the consolidated financial statements.	Our procedures in relation to the valuation of investment properties included: • Assessing the competence, independence and objectivity of the valuers and discussing the scope of their work; and • Assessing, with the assistance of our internal valuation specialists, the methodologies used by the valuers and, on a sample basis, the appropriateness of the key assumptions, based on our knowledge of the property industry, research evidence of reversionary yields, prevailing market rents and estimated selling prices with reference to comparable market transactions for similar properties, and testing, on a sample basis, the data used in the valuation of properties, including the rental rates from existing tenancies and estimated cost to complete, by comparing to the underlying agreements with the tenants and contractors respectively.

Independent Auditor's Report (continued)

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter

Recoverability of property portfolio held by the Group

As at 31 December 2024, the carrying value of the Group's stock of properties was approximately RMB454,101 million.

Management assesses the recoverability of property portfolio held by the Group's subsidiaries based on estimates of the net realisable values of the stock of properties. This involves estimation of, inter-alia, construction costs to be incurred to complete the properties under development based on existing plans, and a forecast of future sales based on the current market price of properties of comparable locations and conditions. Based on management's assessment, a provision of approximately RMB745 million for the Group's stock of properties was made for the year ended 31 December 2024.

If the estimated net realisable values of the stock of properties are significantly different from their carrying values as a result of changes in market conditions and/or significant variation in the budgeted development costs, material provision for impairment losses may result. Accordingly, the existence of significant estimation uncertainty and the significance of the carrying amounts of the stock of properties to the consolidated financial statements warrant specific audit focus and attention on this area.

Related disclosures are included in notes 3(b), 4(c), 9 and 21 to the consolidated financial statements.

Our procedures in relation to management's recoverability assessment included:

- Obtaining an understanding of, evaluating and testing, on a sample basis, the key internal controls around the property development cycle and obtaining an understanding of sources of impairment assessment data and calculation of impairment provisions;

- Understanding management's assessment, with reference to the appropriate supporting evidence, on the impairment of the stock of properties which had negative or relatively low gross profit margins, within the general property development and sales cycle; and

- For significant stock of properties which had negative or relatively low gross profit margins, assessing the reasonableness of key assumptions adopted by management. For the forecast of future sales, we checked, on a sample basis, the contracted sales price of the underlying properties and recent market transaction prices of properties with comparable locations and conditions, where applicable. For construction costs to be incurred for properties under development, we assessed the reasonableness of the latest budgets of total construction costs and tested, on a sample basis, the incurred construction costs to supporting documentations, e.g., construction contracts and other documentations.

Independent Auditor's Report (continued)

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 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.

Independent Auditor's Report (continued)

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

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

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

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

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

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

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

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

We communicate with the Audit and Risk Management 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 and Risk Management 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.

Independent Auditor's Report (continued)

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

From the matters communicated with the Audit and Risk Management 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 Chow Chi Chung.

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong
31 March 2025

Consolidated Income Statement

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	*7*	**185,154,027**	202,524,069
Direct operating costs		**(152,389,366)**	(161,371,266)
		32,764,661	41,152,803
Other income and gains, net	*9*	**325,508**	1,402,848
Gains arising from changes in fair value of investment properties	*17*	**417,316**	4,845,721
Selling and distribution expenses		**(4,520,411)**	(4,261,579)
Administrative expenses		**(2,293,076)**	(2,614,320)
Operating profit		**26,693,998**	40,525,473
Share of profits and losses of associates and joint ventures		**649,049**	1,627,309
Finance costs	*10*	**(935,133)**	(1,032,448)
Profit before tax		**26,407,914**	41,120,334
Income tax expenses	*11*	**(8,620,685)**	(14,073,689)
Profit for the year	*12*	**17,787,229**	27,046,645
Attributable to:			
Owners of the Company		**15,635,658**	25,609,837
Non-controlling interests		**2,151,571**	1,436,808
		17,787,229	27,046,645
		RMB	RMB
Earnings Per Share	*14*		
Basic and diluted		**1.43**	2.34

The notes on pages 139 to 224 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Profit for the year	**17,787,229**	27,046,645
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of subsidiaries of the Company	**(557,066)**	(168,265)
Exchange differences on translation of associates	**(244,062)**	(115,667)
	(801,128)	(283,932)
Other comprehensive income for the year	**(801,128)**	(283,932)
Total comprehensive income for the year	**16,986,101**	26,762,713
Total comprehensive income attributable to:		
Owners of the Company	**14,819,436**	25,332,428
Non-controlling interests	**2,166,665**	1,430,285
	16,986,101	26,762,713

The notes on pages 139 to 224 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current Assets			
Property, plant and equipment	*16*	**7,300,730**	6,903,790
Investment properties	*17*	**208,399,049**	207,746,168
Goodwill	*34*	**56,395**	56,395
Interests in associates	*18*	**22,066,963**	23,182,151
Interests in joint ventures	*19*	**23,830,115**	23,120,012
Financial assets at fair value through profit or loss	*20*	**288,382**	218,173
Other receivables		**183,898**	212,050
Deferred tax assets	*33*	**7,324,894**	7,513,453
		269,450,426	268,952,192
Current Assets			
Stock of properties and other inventories	*21*	**454,274,446**	487,640,804
Land development expenditure	*22*	**5,961,031**	8,604,923
Trade and other receivables	*23*	**3,406,070**	6,987,106
Contract assets	*27*	**547,451**	993,541
Deposits and prepayments		**15,611,399**	12,467,286
Deposits for land use rights for property development		**731,860**	204,520
Amounts due from associates	*24*	**1,060,527**	1,717,436
Amounts due from joint ventures	*24*	**6,202,514**	8,766,323
Amounts due from non-controlling shareholders	*24*	**4,151,856**	3,949,904
Tax prepaid		**20,523,344**	17,691,023
Bank balances and cash	*25*	**124,168,228**	105,629,033
Assets held for sale	*17*	**2,545,229**	–
		639,183,955	654,651,899
Current Liabilities			
Trade and other payables	*26*	**55,600,731**	85,684,211
Pre-sales proceeds	*27*	**132,542,750**	108,619,041
Amounts due to fellow subsidiaries and a related company	*28*	**1,475,199**	2,565,938
Amounts due to associates	*28*	**5,486,399**	4,228,149
Amounts due to joint ventures	*28*	**3,838,405**	4,024,969
Amounts due to non-controlling shareholders	*29*	**13,717,430**	8,648,674
Lease liabilities – due within one year	*35*	**117,756**	94,230
Tax liabilities		**23,862,986**	30,867,023
Bank and other borrowings – due within one year	*31*	**16,633,612**	21,157,995
Guaranteed notes and corporate bonds – due within one year	*32*	**11,956,352**	19,810,287
		265,231,620	285,700,517
Net Current Assets		**373,952,335**	368,951,382
Total Assets Less Current Liabilities		**643,402,761**	637,903,574

Consolidated Statement of Financial Position (continued)

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Capital and Reserves			
Share capital	*30*	**74,035,443**	74,035,443
Reserves		**306,575,534**	298,982,385
Equity attributable to owners of the Company		**380,610,977**	373,017,828
Non-controlling interests		**21,219,021**	19,893,880
Total Equity		**401,829,998**	392,911,708
Non-current Liabilities			
Lease liabilities – due after one year	*35*	**865,453**	960,434
Bank and other borrowings – due after one year	*31*	**149,523,384**	144,139,899
Guaranteed notes and corporate bonds – due after one year	*32*	**63,450,630**	72,555,955
Deferred tax liabilities	*33*	**27,733,296**	27,335,578
		241,572,763	244,991,866
Total of Equity and Non-Current Liabilities		**643,402,761**	637,903,574

The financial statements on pages 131 to 224 were approved by the Board of Directors on 31 March 2025 and were signed on its behalf by:

Yan Jianguo
Executive Director

Zhang Zhichao
Executive Director

The notes on pages 139 to 224 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company								
	Share capital RMB'000	Property revaluation reserve RMB'000 *(Note (a))*	Translation reserve RMB'000	Merger and other reserves RMB'000 *(Note (b))*	PRC statutory reserve RMB'000 *(Note (c))*	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2023	74,035,443	284,461	(1,036,758)	(11,922,232)	11,133,974	281,984,820	354,479,708	18,618,117	373,097,825
Profit for the year	–	–	–	–	–	25,609,837	25,609,837	1,436,808	27,046,645
Exchange differences on translation of subsidiaries of the Company	–	–	(161,742)	–	–	–	(161,742)	(6,523)	(168,265)
Exchange differences on translation of associates	–	–	(115,667)	–	–	–	(115,667)	–	(115,667)
Total comprehensive income for the year	–	–	(277,409)	–	–	25,609,837	25,332,428	1,430,285	26,762,713
2022 final dividend	–	–	–	–	–	(3,983,938)	(3,983,938)	–	(3,983,938)
2023 interim dividend	–	–	–	–	–	(3,581,713)	(3,581,713)	–	(3,581,713)
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	4,508,537	4,508,537
Return of capital to non-controlling shareholders	–	–	–	–	–	–	–	(1,247,500)	(1,247,500)
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	(1,639,668)	(1,639,668)
Transfer to PRC statutory reserve	–	–	–	–	818,142	(818,142)	–	–	–
Acquisition of additional interests in subsidiaries	–	–	–	–	–	771,343	771,343	(2,062,855)	(1,291,512)
Acquisition of a subsidiary *(Note 37)*	–	–	–	–	–	–	–	286,964	286,964
At 31 December 2023	74,035,443	284,461	(1,314,167)	(11,922,232)	11,952,116	299,982,207	373,017,828	19,893,880	392,911,708

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2024

	Attributable to owners of the Company								
	Share capital RMB'000	Property revaluation reserve RMB'000 *(Note (a))*	Translation reserve RMB'000	Merger and other reserves RMB'000 *(Note (b))*	PRC statutory reserve RMB'000 *(Note (c))*	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2024	74,035,443	284,461	(1,314,167)	(11,922,232)	11,952,116	299,982,207	373,017,828	19,893,880	392,911,708
Profit for the year	–	–	–	–	–	15,635,658	15,635,658	2,151,571	17,787,229
Exchange differences on translation of subsidiaries of the Company	–	–	(572,160)	–	–	–	(572,160)	15,094	(557,066)
Exchange differences on translation of associates	–	–	(244,062)	–	–	–	(244,062)	–	(244,062)
Total comprehensive income for the year	–	–	(816,222)	–	–	15,635,658	14,819,436	2,166,665	16,986,101
2023 final dividend	–	–	–	–	–	(4,536,107)	(4,536,107)	–	(4,536,107)
2024 interim dividend	–	–	–	–	–	(2,962,014)	(2,962,014)	–	(2,962,014)
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	2,964,146	2,964,146
Return of capital to non-controlling shareholders	–	–	–	–	–	–	–	(2,630,128)	(2,630,128)
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	(713,612)	(713,612)
Transfer to PRC statutory reserve	–	–	–	–	104,913	(104,913)	–	–	–
Acquisition of additional interests in subsidiaries	–	–	–	–	–	187,630	187,630	(461,930)	(274,300)
Release of share option reserve upon the related options lapsed *(Note 30)*	–	–	–	(322,348)	–	322,348	–	–	–
Others	–	–	–	–	–	84,204	84,204	–	84,204
At 31 December 2024	74,035,443	284,461	(2,130,389)	(12,244,580)	12,057,029	308,609,013	380,610,977	21,219,021	401,829,998

Notes:

(a) The property revaluation reserve mainly represents the surplus on revaluation of properties transferred from owner-occupied properties to investment properties, net of tax.

(b) The reserves mainly represent the merger reserve arising from the acquisition of subsidiaries in 2015 by the Group from China State Construction Engineering Corporation Limited ("CSCECL") and in 2016 from CITIC Limited, which are all state-owned entities and are under common control of the State Council of the People's Republic of China ("PRC"). Other reserves include share option reserve which represents the fair value of share options granted that are yet to be exercised. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited/lapsed.

(c) The PRC statutory reserve of the Group represents the general and development fund reserve applicable to subsidiaries which were established in accordance with the relevant PRC regulations.

The notes on pages 139 to 224 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**26,407,914**	41,120,334
Adjustments for:		
Share of profits and losses of associates and joint ventures	**(649,049)**	(1,627,309)
Finance costs	**935,133**	1,032,448
Depreciation	**459,527**	405,104
Interest income	**(1,599,196)**	(2,459,861)
Gain arising from changes in fair value of financial assets at fair value through profit or loss	**(70,209)**	–
Gains arising from changes in fair value of investment properties	**(417,316)**	(4,845,721)
Gain on disposals of property, plant and equipment	**(9,322)**	(31,112)
Re-measurement gains on pre-existing interest in an associate upon acquisition	**–**	(141,254)
Gains on bargain purchase of a subsidiary	**–**	(89,068)
Impairment losses on stock of properties	**745,040**	–
Impairment losses on amounts due from associates and joint ventures	**537,177**	–
Effect of foreign exchange rate changes	**254,419**	1,073,116
	26,594,118	34,436,677
Interest received	**1,437,466**	2,388,566
Decrease in stock of properties and other inventories	**41,229,125**	12,539,966
Decrease in land development expenditure	**2,643,892**	2,864,393
Decrease/(increase) in trade and other receivables, deposits and prepayments	**567,462**	(349,463)
Decrease in contract assets	**446,090**	284,895
Increase in deposits for land use rights for property development	**(527,340)**	(204,520)
Decrease in restricted bank deposits	**8,997**	312,084
(Decrease)/increase in trade and other payables and pre-sales proceeds	**(8,063,359)**	78,382
Cash generated from operations	**64,336,451**	52,350,980
Income taxes paid	**(17,882,511)**	(17,071,643)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**46,453,940**	35,279,337
INVESTING ACTIVITIES		
Dividends received from associates	**493,326**	457,014
Dividends received from joint ventures	**409,396**	273,352
Purchase of property, plant and equipment	**(198,035)**	(204,801)
Net cash inflow on acquisition of a subsidiary	**–**	19,484
Additions of investment properties	**(4,065,424)**	(7,076,150)
Advances to associates	**(7,355)**	(107,095)
Repayment from associates	**516,901**	1,975,756
Advances to joint ventures	**(2,025,516)**	(3,180,643)
Repayment from joint ventures	**2,923,296**	2,072,478
Advances to non-controlling shareholders	**(1,381,817)**	(1,204,863)
Repayment from non-controlling shareholders	**1,215,964**	648,011
Return of capital from associates	**1,526,200**	362,400
Capital contributions to associates	**(116,000)**	(774,027)
Return of capital from joint ventures	**233,374**	927,624
Capital contributions to joint ventures	**(45,000)**	(168,696)
Net proceeds on disposals of property, plant and equipment	**30,323**	50,880
Net proceeds on disposals of investment properties	**2,332,202**	1,157,920
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	**1,841,835**	(4,771,356)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
FINANCING ACTIVITIES			
Interest paid		(9,029,187)	(9,879,391)
Other finance costs paid		(36,698)	(39,471)
Dividends paid to owners of the Company		(7,498,121)	(7,565,651)
Dividends paid to non-controlling shareholders		(708,712)	(1,163,168)
New bank and other borrowings raised		77,456,700	73,718,349
Repayment of bank and other borrowings		(77,261,894)	(75,615,048)
Issue of guaranteed notes and corporate bonds		9,000,000	9,190,000
Redemption of guaranteed notes and corporate bonds		(26,745,780)	(22,875,324)
Repayment to fellow subsidiaries		(1,108,860)	(1,110,968)
Contributions from non-controlling shareholders		2,964,146	4,508,537
Return of capital to non-controlling shareholders		(2,630,128)	(1,247,500)
Advances from associates		1,753,263	2,735,149
Repayment to associates		(495,013)	(142,770)
Advances from joint ventures		609,425	137,800
Repayment to joint ventures		(702,723)	(529,215)
Advances from non-controlling shareholders		7,662,274	275,978
Repayment to non-controlling shareholders		(2,678,693)	(5,522,068)
Principal element of lease payments		(73,129)	(110,758)
Deposits received for partial disposal of subsidiaries' interests		–	967,530
Acquisition of additional interests in subsidiaries		(274,300)	(750,300)
NET CASH USED IN FINANCING ACTIVITIES		(29,797,430)	(35,018,289)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		18,498,345	(4,510,308)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		105,344,021	109,709,019
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		49,847	145,310
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		123,892,213	105,344,021
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash as per consolidated statement of financial position		124,168,228	105,629,033
Less: restricted bank deposits	*25*	(276,015)	(285,012)
		123,892,213	105,344,021

The notes on pages 139 to 224 are an integral part of these consolidated financial statements.

Notes to the Financial Statements

For the year ended 31 December 2024

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The Company's immediate parent company is China Overseas Holdings Limited, a company incorporated in Hong Kong, and its 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 and the PRC government is a substantial shareholder of CSCEC. The registered office and principal place of business of the Company are situated at 10/F, Three Pacific Place, 1 Queen's Road East, Hong Kong. The Group's business activities are principally carried out in Hong Kong, Macau, Beijing, Shanghai, Guangzhou, Shenzhen, Xiamen, Changsha, Jinan, Zhengzhou, Nanjing, Hangzhou, Suzhou, Chengdu, Tianjin, Xi'an and other regions in the Chinese mainland.

The Group, comprising the Company and its subsidiaries, is principally engaged in property development, commercial property operations and other businesses.

The Company's functional currency is Renminbi ("RMB") and the consolidated financial statements are presented in RMB as the directors of the Company consider that RMB is the appropriate presentation currency for the users of the Group's consolidated financial statements.

2. APPLICATION OF REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are relevant to the Group:

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The application of the above amendments to HKFRSs has had no material impact on the Group's results and financial position. The impact to the consolidated financial statements upon the adoption of these amendments are described below:

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed their terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

* *English translation for identification purpose only*

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

2. APPLICATION OF REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

As a result of the implementation of the amendments, the Group has provided additional disclosures about its supplier finance arrangements in note 26 to the financial statements.

The Group has not early adopted the following HKFRSs and amendments to existing standards that have been issued but are not yet effective:

Amendments to HKAS 21	*Lack of Exchangeability*[1]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instrument*[2]
Annual Improvements to HKFRS Accounting Standards – Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*[2]
HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]

1 *Effective for annual periods beginning on or after 1 January 2025*
2 *Effective for annual periods beginning on or after 1 January 2026*
3 *Effective for annual/reporting periods beginning on or after 1 January 2027*
4 *No mandatory effective date yet determined but available for early adoption*

The Group has already commenced an assessment of the impact of the above HKFRSs and amendments to existing standards. So far it has assessed that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities ("Listing Rules") on the Hong Kong Stock Exchange and the Hong Kong Companies Ordinance (Cap. 622).

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial assets at fair value through profit or loss, which are measured at fair values as explained in the accounting policies set out below.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (its subsidiaries) for the year ended 31 December 2024.

A subsidiary is an entity (including a structured entity) 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 over the entity. Except for business combination under common control, subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income of a subsidiary is attributed to owners of the Company and to the non-controlling interests even if the results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the carrying amount of the net assets attributable to the change in interests and the fair value of the consideration paid or received is recognised directly in retained profits and attributed to owners of the Company.

When the Group loses control of a subsidiary, it derecognises the related assets (including any goodwill), liabilities, any non-controlling interests (including any components of other comprehensive income attributable to them) and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained profits as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Basis of Consolidation *(continued)*

Business combinations – common control combinations

The consolidated financial statements incorporate the financial statements of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interests.

The consolidated income statement includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities had been combined at the previous year end date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as expenses in the period in which it is incurred.

Business combinations – acquisition method

Acquisitions of businesses not under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Basis of Consolidation *(continued)*

Business combinations – acquisition method (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

1. deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

2. liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

3. assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or when applicable, on the basis specified in another standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Basis of Consolidation *(continued)*

Business combinations – acquisition method (continued)

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKFRS 9 *Financial Instruments* or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest was disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Fair Value Measurement

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Fair Value Measurement *(continued)*

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

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

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

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

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

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

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

Separate Financial Statements

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss. Cost includes direct attributable costs of investments.

The results of subsidiaries are accounted for by the Company on the basis of dividend received or 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Interests in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The results and assets and liabilities of associates or joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, interests in associates or joint ventures are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates or joint ventures. When the Group's share of losses of an associate or a joint venture equals or exceeds its interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate or joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate or a joint venture that results in the Group losing significant influence or joint control over that associate or joint venture, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKFRS 9 *Financial Instruments*. The difference between the previous carrying amount of the associate or joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate or joint venture.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Interests in Associates and Joint Ventures *(continued)*

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

When a group entity transacts with its associate or joint venture, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group. When the Group disposes of a business to its associate or joint venture, the entire gain or loss on disposal is recognised in profit or loss as a loss of control of a business.

Accounting policies of associates and joint ventures are changed where necessary to ensure consistency with the policies adopted by the Group.

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

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's management. The Group's management, who is responsible for resource allocation and assessment of performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including investment properties under construction and right-of-use assets for such purposes). Investment properties include land use rights held for undetermined future use, which are regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

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

For a transfer from stock of properties to investment properties that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Related Parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Property, Plant and Equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

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.

Assets in the course of construction in progress are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation, on the same basis as other assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss in the period in which the item is derecognised.

Impairment Losses on Tangible and Intangible Assets other than Goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Impairment Losses on Tangible and Intangible Assets other than Goodwill *(continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial Assets

Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

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

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Financial Assets *(continued)*

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost, which include trade and other receivables, amounts due from associates, joint ventures and non-controlling shareholders and bank balances. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses are presented in other gains/(losses).

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Financial Assets *(continued)*

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated income statement as applicable. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9 *Financial Instruments* which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment of financial assets measured at amortised cost other than trade receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss.

When there is a significant increase in credit risk or the proceeds receivable are not settled in accordance with the terms stipulated in the agreements, management considers these receivables as underperforming or non-performing and impairment is measured as lifetime expected credit losses.

When management considers that there is no reasonable expectation of recovery, the financial assets measured at amortised cost will be written off.

Financial Liabilities and Equity Instruments

Financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Financial Liabilities and Equity Instruments *(continued)*

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

The Group classifies financial liabilities that arise from a supplier finance arrangement within trade and other payables in the consolidated statement of financial position as they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group's normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade and other payables in the consolidated statement of financial position are included in operating activities in the consolidated statement of cash flows.

Financial liabilities (including trade and other payables, amounts due to associates, joint ventures, non-controlling shareholders, fellow subsidiaries and a related company, lease liabilities, bank and other borrowings and guaranteed notes and corporate bonds) are measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Offsetting of financial instruments

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

Derecognition

The Group derecognises a financial liability when, and only when, the Group's obligations are discharged or cancelled, or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer 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 or the Company and not designated as at fair value through profit or loss is recognised 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 or the Company measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with the expected credit loss model under HKFRS 9 *Financial Instruments*; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the revenue recognition policy in profit or loss.

Inventories

Inventories, representing raw materials and consumables, are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Stock of Properties

Properties for/under development comprise leasehold land and land use rights, development expenditure and borrowing costs capitalised, and are carried at the lower of cost and net realisable value. Net realisable value takes into account the proceeds ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to complete. Upon completion, the properties are transferred to completed properties held for sale. Properties under development included in the current assets are expected to be realised in, or is intended for sale in the Group's normal operating cycle.

Completed properties held for sale are initially measured at the carrying amount of the property at the date of reclassification from properties under development. Subsequently, properties held for sale are carried at the lower of cost and net realisable value. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

Cash and Cash Equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of generally three months or less that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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 recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net contract asset or a net contract liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the cumulative revenue recognised in the consolidated income statement exceeds cumulative payments made by customers. Conversely, the contract is a liability and recognised as contract liabilities if the cumulative payments made by customers exceeds the revenue recognised in the consolidated income statement.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets. Contract liabilities are recognised as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligation.

The incremental costs of obtaining a contract with a customer are capitalised and presented as contract related assets, if the Group expects to recover those costs, and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. The Group recognises an impairment loss in the consolidated income statement to the extent that the carrying amount of the contract related assets recognised exceeds the remaining amounts of consideration that the Group expects to receive less the costs that directly relate to those goods or services and have not been recognised as expenses.

Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of 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 of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

Borrowing Costs

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 are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Borrowing Costs *(continued)*

Borrowing costs include interest expense, interest in respect of lease liabilities and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the Group's subsidiaries had borrowed funds in their functional currencies, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributable to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Foreign Currencies *(continued)*

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in equity under the heading of translation reserve.

Leases

Leases are recognised 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.

Leases are initially measured on a present value basis at the date at which the leased asset is available for use by the Group. These are presented within "Property, plant and equipment" in the consolidated statement of financial position.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate the lease and non-lease components and instead accounts for these as a single lease component.

Assets and 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 payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments of the Group 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 readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Leases *(continued)*

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases (presented as rental income within "Revenue" in the consolidated income statement) where the Group is a lessor is recognised as income on a straight-line basis over the lease term. The respective leased assets are included in the consolidated statement of financial position based on their nature.

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Leases *(continued)*

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

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Employee Benefits

(i) Retirement benefits

The Group participates in mandatory provident fund schemes in Hong Kong which are the defined contribution plan generally funded through payments to trustee-administered funds. The assets of the scheme are held separately from those of the Group in independently administered funds.

Pursuant to the relevant regulations of the government in the Chinese mainland, the subsidiaries in the Chinese mainland participate in the municipal government contribution scheme whereby the subsidiaries are required to contribute to the scheme for the retirement benefit of eligible employees. The municipal government of the Chinese mainland is responsible for the entire benefit obligations payable to the retired employees. The only obligation of the Group with respect to the scheme is to pay the ongoing contributions required by the scheme. The Group's contributions to the scheme are expensed as incurred.

(ii) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Employee Benefits *(continued)*

(iii) Share-based payments

Share options granted by the Company

The Company operates a share option scheme, under which the Group receives services from employees as consideration for share options of the Company. The fair value of the employee services received in exchange for the grant of the share options is recognised as an employee benefit expense with a corresponding increase in equity over the period in which the performance and/or service conditions are fulfilled. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

Non-market performance and service conditions are included in assumptions about the number of share options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The grant by the Company of equity instruments over its equity instruments to the employees of its subsidiaries is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity in the Company accounts.

At the end of each reporting period, the Company revises its estimates of the number of equity instruments that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share option reserve. When the share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital. When the share options are forfeited after the vesting date or still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, except that deferred tax is not recognised for the Pillar Two income taxes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period 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 asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current tax and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

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.

Own equity instruments which are reacquired by the Company or the Group are recognised directly in equity at cost. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Revenue Recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group entitles in exchange for those goods or services.

Property development

The Group recognises revenue as the performance obligations are satisfied at a point in time when the customer obtains control of the property and the Group satisfies the performance obligations.

Upon entering into a contract with a buyer, the Group obtains rights to receive consideration from the buyer and assumes performance obligations to transfer goods or provide services to the buyer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

Revenue is measured at the fair value if the consideration received or receivable and represents amounts receivable for goods sold or services provided in the normal course of business, net of discount.

Proceeds received from buyers prior to meeting the revenue recognition criteria are included in "Pre-sales proceeds" in the consolidated statement of financial position.

Accounting for costs incurred for obtaining a contract

Costs such as stamp duty and sales commission incurred directly attributable for obtaining a pre-sale property contract, if recoverable, are capitalised and recorded in contract assets.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Revenue Recognition *(continued)*

Property development (continued)

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Accounting for significant financing component

For contracts where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price is adjusted for the effects of a financing component, if significant.

Construction services

When the outcome of a construction service contract can be estimated reliably, revenue and costs are recognised when or as the construction projects are transferred to the customer. Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Material procurement services

Revenue from material procurement services is recognised at the point in time when control of the material is transferred to the customer, generally on delivery of the material.

Hotel operation, building design consultancy and supply chain management services

Revenue from hotel operation, building design consultancy and supply chain management services are recognised when services are provided.

Property rentals

Rental income from operating leases where the Group is a lessor is recognised as revenue on a straight-line basis over the lease term.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Revenue Recognition *(continued)*

Dividend income

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

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 events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Material Accounting Policies *(continued)*

Dividend Distribution

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

For distribution of non-cash assets as a dividend to the Company's shareholders, the Group measures the dividend payable at the fair value of the assets being distributed. When the Group settles the dividend payable, the difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable is recognised in profit or loss.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that related to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

4. KEY SOURCES OF JUDGEMENT AND ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

(a) Fair Value of Investment Properties

Investment properties, including those classified as held for sale, at 31 December 2024 are carried at their fair values of RMB210,944,278,000 (2023: RMB207,746,168,000). The fair values were based on a valuation on these properties conducted by independent firms of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss recognised in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

4. KEY SOURCES OF JUDGEMENT AND ESTIMATION UNCERTAINTY *(continued)*

(b) Impairment of Property Portfolio Held by the Group's Associates and Joint Ventures

The carrying amounts of the Group's net investments in a listed associate, unlisted associates and joint ventures (representing interests in and amounts due from these companies) undertaking property development projects in the Chinese mainland and Hong Kong included in the consolidated statement of financial position at 31 December 2024 were RMB12,731,305,000 (2023: RMB12,764,282,000), RMB10,396,185,000 (2023: RMB12,135,305,000) and RMB30,032,629,000 (2023: RMB31,886,335,000), respectively.

Management assessed the recoverability of property portfolio held by the Group's unlisted associates and joint ventures based on the judgement and estimation of the net realisable value of the stock of properties of the associates and joint ventures which involve, inter-alia, considerable analysis of the current market price of properties of a comparable standard and location, construction costs to be incurred to complete the development based on the existing asset structure and a forecast of future sales based on a zero growth rate of the property price. If the actual net realisable values of the stock of properties are more or less than expected as a result of change in the market condition and/or significant variation in the budgeted development costs, a material reversal of or provision for impairment losses may result.

The recoverable amount of the investment in the listed associate is evaluated based on the value in use, the performance and financial position of the associate, and return on investments including the listed associate's share price performance and dividend yield.

Judgement is required in assessing the ultimate recoverability of the property portfolio held by the Group's associates and joint ventures.

(c) Impairment of Stock of Properties

At 31 December 2024, the carrying amount of the Group's stock of properties was RMB454,100,777,000 (2023: RMB487,487,473,000). Management assessed the recoverability of the amount based on the judgement and estimation of the net realisable value of the underlying properties which involves, inter-alia, considerable analysis of the current market price of properties of a comparable standard and location, construction costs to be incurred to complete the development based on the existing asset structure and a forecast of future sales based on a zero growth rate of the property price. If the actual net realisable values of the underlying stock of properties are more or less than expected as a result of change in the market condition and/or significant variation in the budgeted development costs, a material reversal of or provision for impairment losses may result.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

4. KEY SOURCES OF JUDGEMENT AND ESTIMATION UNCERTAINTY *(continued)*

(d) Land Appreciation Tax ("LAT")

LAT is levied on the appreciation of land value, being the proceeds from the sales of properties less deductible expenditure including land costs, borrowing costs and other property development expenditure.

The subsidiaries engaging in the property development business in the PRC are subject to LAT, which have been included in the tax expenses. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its LAT returns with various tax authorities. Accordingly, judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these tax liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax expense and provisions for LAT in the period in which such determination is made.

5. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of debt, which mainly includes bank and other borrowings and guaranteed notes and corporate bonds disclosed in notes 31 and 32, respectively, bank balances and cash and total equity, comprising share capital, retained profits, other reserves and non-controlling interests.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company assess budgets of major projects, taking into account the provision of funding. Based on the operating budgets, the directors of the Company consider the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the payment of dividends, issue of new share as well as raising of new debt financing or the redemption of existing debt.

The Group monitors its capital structure on a basis of the Group's net gearing. The net gearing is calculated as net debt divided by total equity. For this purpose, the Group defines net debt as total debt less bank balances and cash.

The Group has established supplier finance arrangements to manage its working capital, details of which are included in note 26 to the financial statements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

5. CAPITAL RISK MANAGEMENT *(continued)*

The net gearing at the end of the reporting period was as follows:

	2024 RMB'000	2023 RMB'000
Bank and other borrowings	**166,156,996**	165,297,894
Guaranteed notes and corporate bonds	**75,406,982**	92,366,242
Total debt	**241,563,978**	257,664,136
Less: Bank balances and cash	**(124,168,228)**	(105,629,033)
Net debt	**117,395,750**	152,035,103
Total equity (including non-controlling interests)	**401,829,998**	392,911,708
Net gearing (%)	**29.2**	38.7

6. FINANCIAL INSTRUMENTS

Details of material accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial assets, financial liabilities and equity instruments are disclosed in note 3.

a. Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
Loans and receivables at amortised cost (including bank balances and cash)	**153,875,192**	140,348,743
Financial assets at fair value through profit or loss	**288,382**	218,173
Financial liabilities		
Liabilities at amortised cost	**319,906,795**	362,818,869

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

6. FINANCIAL INSTRUMENTS

b. Financial risk management objectives and policies

The Group's major financial instruments include bank and other borrowings, guaranteed notes and corporate bonds, trade and other receivables, trade and other payables, amounts due from/to affiliated companies, financial assets at fair value through profit or loss, bank balances and cash, and lease liabilities. Details of the financial instruments are disclosed in the respective notes.

Management monitors and manages the financial risks relating to the Group through internal risk assessment which analyses exposures by the degree and magnitude of risks. These risks include market risk (including interest rate risk and currency risk), credit risk and liquidity risk. Management manages and monitors these exposures to ensure that appropriate measures are implemented in a timely and effective manner.

The Group does not enter into or trade any financial instruments, including derivative financial instruments, for hedging or speculative purpose.

There has been no change to the Group's exposure to these kinds of risks or the manner in which it manages and measures these risks.

(i) Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates and changes in foreign exchange rates.

Interest rate risk

The Group's main interest rate risk arising from its variable-rate bank and other borrowings, and other receivables amounting to RMB129,642,469,000 (2023: RMB136,730,233,000), and RMB183,898,000 (2023: RMB212,050,000), respectively, which expose the Group to cash flow interest rate risk. The variable-rate bank and other borrowings with original maturities from one to more than ten years are for financing development of property projects. An increase in interest rates would increase interest expenses. Management monitors interest rate exposure on a dynamic basis and will consider hedging significant interest rate exposure should the need arise.

The Group's fair value interest rate risk relates primarily to its corresponding fixed-rate bank and other borrowings, guaranteed notes and corporate bonds, amounts due to joint ventures and non-controlling shareholders, and amounts due from associates and joint ventures amounting to RMB36,514,527,000 (2023: RMB28,567,661,000), RMB75,406,982,000 (2023: RMB92,366,242,000), RMB858,513,000 (2023: RMB1,991,812,000) and RMB2,874,650,000 (2023: RMB4,611,171,000), respectively. Management will also consider hedging significant interest rate exposure should the need arise.

Interest rate risk sensitivity analysis
The sensitivity analysis is prepared assuming that the amount of assets/liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used as it represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 (2023: 100) basis points higher/lower and all other variables were held constant, the Group's profit after tax and total equity for the year would decrease/increase by RMB105,813,000 (2023: RMB115,099,000) after capitalising finance costs in properties under development and investment properties under construction of RMB934,031,000 (2023: RMB1,012,629,000). This is mainly attributable to the Group's exposure to cash flow interest rate risk on its variable-rate bank and other borrowings and other receivables.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

6. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

(i) Market risk *(continued)*

Currency risk

The Group undertakes certain transactions denominated in foreign currencies. The currencies giving rise to this exchange rate fluctuation risk are primarily Hong Kong dollars ("HK$")-denominated bank and other borrowings and guaranteed notes and corporate bonds, and United States dollars ("US$")-denominated guaranteed notes and corporate bonds, in aggregate accounting for 17.7% of the Group's interest-bearing debt. Management manages its foreign currency risk by closely reviewing the movement of the foreign currency rates and considers hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period, mainly attributable to amounts due from joint ventures, bank balances and cash, bank and other borrowings and guaranteed notes and corporate bonds, are as follows:

	2024 RMB'000	2023 RMB'000
Assets		
HK$	**887,964**	1,806,668
US$	**382,141**	1,688,400
Liabilities		
HK$	**15,460,839**	43,955,998
US$	**27,319,236**	31,597,404

Currency risk sensitivity analysis

The Group mainly exposes to the currency risk of US$ and HK$. The following details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in the functional currencies of group entities against US$ and HK$, respectively. 5% (2023: 5%) is the sensitivity rate used as it represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2023: 5%) change in foreign currency rates. The sensitivity analysis includes amounts due from joint ventures, bank balances and cash, bank and other borrowings and guaranteed notes and corporate bonds in currencies other than the functional currencies of the group entities.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

6. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

(i) Market risk *(continued)*

Currency risk (continued)

Currency risk sensitivity analysis (continued)

For a 5% (2023: 5%) decrease of functional currencies of group entities against US$ and HK$, all other variables were held constant, the Group's profit after tax and total equity for the year would decrease by RMB673,077,000 (2023: RMB2,165,060,000) after an increase in capitalising of exchange losses in properties under development of RMB3,262,000 (2023: Nil).

For a 5% (2023: 5%) increase of functional currencies of group entities against US$ and HK$, all other variables were held constant, the Group's profit after tax and total equity for the year would increase by RMB325,183,000 (2023: RMB1,372,777,000) after a decrease in capitalising of exchange losses in properties under development of RMB351,156,000 (2023: RMB792,283,000).

In management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Credit risk

At 31 December 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure to discharge an obligation by the counterparties and financial guarantees provided by the Group were arising from:

- the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position; and

- the amounts of financial guarantees issued by the Group as disclosed in note 39.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amounts of each individual trade and other receivable at the end of the reporting period to ensure that adequate impairment provisions are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank deposits is limited because the counterparties are banks and other financial institutions with high credit ratings assigned by international credit-rating agencies or state-owned banks in the PRC.

For the trade receivables and contract assets arising from sales of properties, the Group managed the credit risk by fully receiving cash or properly arranging the purchasers' mortgage loan financing procedures before delivery of properties. The Group closely monitors the collection of progress payments from customers in accordance with the payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

6. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

(ii) Credit risk *(continued)*

Meanwhile, the Group has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, the Group regularly reviews the recoverable amount of each individual trade receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

For other receivables, amounts due from associates, joint ventures and non-controlling shareholders, the Group does not have any other significant concentration of credit risk. The Group would closely monitor the financial positions including the net assets backing of the associates, joint ventures and non-controlling shareholders, which are mainly engaged in property development business in Hong Kong and the PRC and their property development projects are profitable. Based on the above assessment, management considered that the expected credit loss is minimal and the directors of the Company are of the opinion that the risk of default by counterparties is low, except for the impairment losses made on the amounts due from joint ventures and associates of RMB1,864,291,000 at 31 December 2024 (2023: RMB1,327,114,000).

Except for trade receivables and contract assets for which the loss allowances are measured at an amount equal to lifetime expected credit losses under simplified approach, the loss allowances of other financial assets are measured at an amount equal to 12-month expected credit losses.

(iii) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on bank and other borrowings and guaranteed notes and corporate bonds as a significant source of liquidity. At 31 December 2024, the Group maintains substantial undrawn committed revolving banking facilities to allow for flexibility in meeting its funding requirements.

The following table analyses the contractual undiscounted cash flows of the Group's financial liabilities by relevant maturity groupings based on the remaining period from the end of reporting period to the earliest date the Group is required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from flat rate at the end of the reporting period. The undiscounted amounts are subject to changes if changes in variable rates differ to those estimates of interest rates determined at the end of the reporting period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

6. FINANCIAL INSTRUMENTS *(continued)*

b. Financial risk management objectives and policies *(continued)*

(iii) Liquidity risk *(continued)*

	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2024						
Trade and other payables	48,290,578	1,650,900	2,800,533	344,935	53,086,946	52,842,175
Amounts due to fellow subsidiaries and a related company	1,475,199	–	–	–	1,475,199	1,475,199
Amounts due to associates	5,486,399	–	–	–	5,486,399	5,486,399
Amounts due to joint ventures	3,851,038	–	–	–	3,851,038	3,838,405
Amounts due to non-controlling shareholders	13,733,691	–	–	–	13,733,691	13,717,430
Lease liabilities	115,265	112,015	266,576	797,880	1,291,736	983,209
Bank and other borrowings	21,169,063	36,894,288	90,039,930	34,792,638	182,895,919	166,156,996
Guaranteed notes and corporate bonds	14,576,490	12,352,084	41,637,268	21,991,380	90,557,222	75,406,982
Financial guarantee contracts	55,879,901	3,310,093	612,204	322,401	60,124,599	–
	164,577,624	54,319,380	135,356,511	58,249,234	412,502,749	319,906,795
At 31 December 2023						
Trade and other payables	79,821,832	2,185,402	2,739,341	140,687	84,887,262	84,632,339
Amounts due to fellow subsidiaries and a related company	2,565,938	–	–	–	2,565,938	2,565,938
Amounts due to associates	4,228,149	–	–	–	4,228,149	4,228,149
Amounts due to joint ventures	4,037,349	–	–	–	4,037,349	4,024,969
Amounts due to non-controlling shareholders	8,725,974	–	–	–	8,725,974	8,648,674
Lease liabilities	106,575	116,299	293,827	827,966	1,344,667	1,054,664
Bank and other borrowings	27,078,453	31,659,490	92,180,038	35,897,134	186,815,115	165,297,894
Guaranteed notes and corporate bonds	15,824,183	18,373,240	41,819,636	39,944,286	115,961,345	92,366,242
Financial guarantee contracts	68,961,171	5,323,245	2,541,906	322,401	77,148,723	–
	211,349,624	57,657,676	139,574,748	77,132,474	485,714,522	362,818,869

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amounts if those amounts are claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee that the guaranteed financial receivables held by the counterparty suffer credit losses.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

6. FINANCIAL INSTRUMENTS *(continued)*

c. Fair value

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

During the year, there were no transfers between different levels with the fair value hierarchy.

	2024 Level 3 RMB'000	2023 Level 3 RMB'000
Financial assets at fair value through profit or loss	**288,382**	218,173

The fair value of unlisted equity investment designated at fair value through profit or loss has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation technique and the inputs, including significant unobservable inputs, used in the fair value measurement of unlisted equity investment are not disclosed as such disclosures, in the opinion of the directors, would result in particulars of excessive length and provide no additional useful information to the users of the financial statements.

(ii) Financial assets and liabilities carried at other than fair value

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values, except for the guaranteed notes and corporate bonds as disclosed in note 32. The fair values of guaranteed notes and corporate bonds is measured at quoted market price and are within level 1 of the three-level fair value hierarchy.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

7. REVENUE

Revenue comprises revenue from property development, revenue from commercial property operations and revenue from other businesses. An analysis of the Group's revenue for the year is as follows:

	2024 RMB'000	2023 RMB'000
Property development	**174,716,382**	192,877,444
Commercial property operations	**7,129,342**	6,361,835
Other businesses *(Note)*	**3,308,303**	3,284,790
Revenue	**185,154,027**	202,524,069

Note: Other businesses mainly comprise revenue from material procurement and supply chain management services, provision of construction and building design consultancy services and others.

8. SEGMENT INFORMATION

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

The Group managed its business units based on their products and services, based on which information is prepared and reported to the Group's management for the purposes of resources allocation and performance assessment. The composition of the Group's reportable segments 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
Other businesses	– material procurement and supply chain management services, provision of construction and building design consultancy services and others

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

8. SEGMENT INFORMATION *(continued)*

Segment Revenue and Results

The following is an analysis of the Group's revenue and results (including share of results of associates and joint ventures) by reportable segments:

Year ended 31 December 2024

	Property development RMB'000	Commercial property operations RMB'000	Other businesses RMB'000	Total RMB'000
Revenue from contracts with customers				
– Recognised at a point in time	174,716,382	–	2,797,857	177,514,239
– Recognised over time	–	1,029,583	510,446	1,540,029
	174,716,382	1,029,583	3,308,303	179,054,268
Revenue from other sources				
– Revenue from commercial properties	–	6,099,759	–	6,099,759
Segment revenue from external customers	174,716,382	7,129,342	3,308,303	185,154,027
Inter-segment revenue	–	–	5,044,383	5,044,383
Total segment revenue	174,716,382	7,129,342	8,352,686	190,198,410
Segment profit (including share of profits and losses of associates and joint ventures)	22,645,548	3,531,024	150,565	26,327,137

Year ended 31 December 2023

	Property development RMB'000	Commercial property operations RMB'000	Other businesses RMB'000	Total RMB'000
Revenue from contracts with customers				
– Recognised at a point in time	192,877,444	–	2,730,004	195,607,448
– Recognised over time	–	1,063,521	554,786	1,618,307
	192,877,444	1,063,521	3,284,790	197,225,755
Revenue from other sources				
– Revenue from commercial properties	–	5,298,314	–	5,298,314
Segment revenue from external customers	192,877,444	6,361,835	3,284,790	202,524,069
Inter-segment revenue	–	–	7,791,581	7,791,581
Total segment revenue	192,877,444	6,361,835	11,076,371	210,315,650
Segment profit (including share of profits and losses of associates and joint ventures)	33,146,004	7,770,667	252,703	41,169,374

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

8. SEGMENT INFORMATION *(continued)*

Reconciliation of reportable segment profit to the consolidated profit before tax

Segment profit include profit from subsidiaries and share of profits and losses of associates and joint ventures. These represent the profit earned by each segment without allocation of interest income on bank deposits, corporate expenses, finance costs and net foreign exchange losses recognised in the consolidated income statement.

	2024 RMB'000	2023 RMB'000
Reportable segment profit	26,327,137	41,169,374
Unallocated items:		
Interest income on bank deposits	1,357,788	2,156,325
Corporate expenses	(87,459)	(99,801)
Finance costs	(935,133)	(1,032,448)
Net foreign exchange losses recognised in the consolidated income statement	(254,419)	(1,073,116)
Consolidated profit before tax	26,407,914	41,120,334

Segment Assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

At 31 December 2024

	Property development RMB'000	Commercial property operations RMB'000	Other businesses RMB'000	Total RMB'000
Segment assets (including interests in and amounts due from associates and joint ventures) *(Note a)*	564,316,682	218,209,754	1,939,717	784,466,153
Segment liabilities (including amounts due to associates and joint ventures) *(Note b)*	(228,588,720)	(28,124,877)	(8,526,808)	(265,240,405)

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

8. SEGMENT INFORMATION *(continued)*

Segment Assets and Liabilities *(continued)*

At 31 December 2023

	Property development RMB'000	Commercial property operations RMB'000	Other businesses RMB'000	Total RMB'000
Segment assets (including interests in and amounts due from associates and joint ventures) *(Note a)*	601,035,486	215,044,656	1,894,916	817,975,058
Segment liabilities (including amounts due to associates and joint ventures) *(Note b)*	(235,004,781)	(28,537,803)	(9,485,663)	(273,028,247)

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than bank balances and cash; and
- all liabilities are allocated to reportable segments other than bank and other borrowings, guaranteed notes and corporate bonds.

	2024 RMB'000	2023 RMB'000
Reportable segment assets	**784,466,153**	817,975,058
Unallocated items:		
Bank balances and cash	**124,168,228**	105,629,033
Consolidated total assets	**908,634,381**	923,604,091
Reportable segment liabilities	**(265,240,405)**	(273,028,247)
Unallocated items:		
Bank and other borrowings	**(166,156,996)**	(165,297,894)
Guaranteed notes and corporate bonds	**(75,406,982)**	(92,366,242)
Consolidated total liabilities	**(506,804,383)**	(530,692,383)

Notes:

(a) Segment assets include interests in and amounts due from associates of RMB22,066,963,000 (2023: RMB23,182,151,000) and RMB1,060,527,000 (2023: RMB1,717,436,000) respectively and interests in and amounts due from joint ventures of RMB23,830,115,000 (2023: RMB23,120,012,000) and RMB6,202,514,000 (2023: RMB8,766,323,000), respectively.

(b) Segment liabilities include amounts due to associates and joint ventures of RMB5,486,399,000 (2023: RMB4,228,149,000) and RMB3,838,405,000 (2023: RMB4,024,969,000), respectively.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

8. SEGMENT INFORMATION *(continued)*

Other Segment Information

Year ended 31 December 2024

	Property development RMB'000	Commercial property operations RMB'000	Other businesses RMB'000	Total RMB'000
Amounts included in the measurement of segment results and segment assets:				
Additions to non-current assets *(Note)*	28,556	4,506,850	53,883	4,589,289
Depreciation	(76,437)	(294,619)	(88,471)	(459,527)
Impairment losses on stock of properties	(745,040)	–	–	(745,040)
Impairment losses on amounts due from associates and joint ventures	(537,177)	–	–	(537,177)
Gains arising from changes in fair value of investment properties	–	417,316	–	417,316
Interest income on amounts due from associates, joint ventures and non-controlling shareholders	228,263	–	–	228,263
Share of profits and losses of associates and joint ventures	649,049	–	–	649,049

Year ended 31 December 2023

	Property development RMB'000	Commercial property operations RMB'000	Other businesses RMB'000	Total RMB'000
Amounts included in the measurement of segment results and segment assets:				
Additions to non-current assets *(Note)*	19,413	13,569,317	36,742	13,625,472
Depreciation	(69,973)	(279,394)	(55,737)	(405,104)
Re-measurement gains on pre-existing interest in an associate upon acquisition	141,254	–	–	141,254
Gains on bargain purchase of a subsidiary	89,068	–	–	89,068
Gains arising from changes in fair value of investment properties	–	4,845,721	–	4,845,721
Interest income on amounts due from associates, joint ventures and non-controlling shareholders	275,427	–	–	275,427
Share of profits and losses of associates and joint ventures	1,627,309	–	–	1,627,309

Note: Non-current assets exclude interests in associates, interests in joint ventures, financial assets at fair value through profit or loss, other receivables and deferred tax assets.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

8. SEGMENT INFORMATION *(continued)*

Revenue from Major Products and Services

An analysis of the Group's revenue for the year from its major products and services is set out in note 7.

Information about Geographical Areas

The Group's property development, commercial property operations and other businesses are carried out in the Chinese mainland, Hong Kong, Macau and the United Kingdom. The following table provides a geographical analysis of the Group's revenue from external customers (based on where the products and services are delivered or provided) and non-current assets (based on the location of assets).

	Revenue by geographical market		Non-current assets *(Note)*	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
The PRC				
Southern Region	**51,637,298**	64,116,259	**32,876,558**	33,448,173
Eastern Region	**35,527,900**	48,041,050	**74,813,048**	74,646,121
Central and Western Region	**36,514,493**	25,556,561	**23,657,549**	23,050,055
Northern Region	**56,433,628**	62,247,710	**77,530,938**	76,727,146
Hong Kong and Macau	**4,715,814**	2,278,447	**2,065,110**	2,045,800
The United Kingdom	**324,894**	284,042	**4,812,971**	4,789,058
Total	**185,154,027**	202,524,069	**215,756,174**	214,706,353

Note: Non-current assets exclude interests in associates, interests in joint ventures, financial assets at fair value through profit or loss, other receivables and deferred tax assets.

Information about major customers

There was no revenue from a single customer accounted for 10% or more of the Group's revenue for both years.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

9. OTHER INCOME AND GAINS, NET

	2024 RMB'000	2023 RMB'000
Other income and gains, net include:		
Interest income on bank deposits	**1,357,788**	2,156,325
Interest income on amounts due from associates, joint ventures and non-controlling shareholders	**228,263**	275,427
Other interest income	**13,145**	28,109
Total interest income	**1,599,196**	2,459,861
Net foreign exchange losses	**(605,575)**	(1,865,399)
Add: Exchange losses arising from foreign currency debt capitalised	**351,156**	792,283
Net foreign exchange losses recognised in the consolidated income statement	**(254,419)**	(1,073,116)
Re-measurement gains on pre-existing interest in an associate upon acquisition	**–**	141,254
Gains on bargain purchase of a subsidiary	**–**	89,068
Impairment losses on stock of properties	**(745,040)**	–
Impairment losses on amounts due from associates and joint ventures	**(537,177)**	–

10. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank and other borrowings, guaranteed notes and corporate bonds	**8,787,751**	9,585,825
Interest on amounts due to joint ventures and non-controlling shareholders	**151,612**	324,963
Interest on lease liabilities and other finance costs	**250,389**	205,008
Total finance costs	**9,189,752**	10,115,796
Less: Amount capitalised	**(8,254,619)**	(9,083,348)
	935,133	1,032,448

Finance costs capitalised during the year are calculated by applying a weighted average capitalisation rate of 3.02% (2023: 3.18%) per annum to expenditure on qualifying assets.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

11. INCOME TAX EXPENSES

	2024 RMB'000	2023 RMB'000
Current tax:		
PRC Corporate Income Tax ("CIT")	5,518,333	7,816,853
PRC LAT	2,393,800	5,827,734
PRC withholding income tax	70,637	114,698
Hong Kong profits tax	16,409	29,744
Macau income tax	5,931	6,153
Others	29,025	26,608
	8,034,135	13,821,790
Deferred tax *(Note 33)*:		
Current year	586,550	251,899
Total	8,620,685	14,073,689

Under the Law of PRC on CIT (the "CIT Law") and Implementation Regulation of the CIT Law, the tax rate of PRC subsidiaries of the Company is 25% (2023: 25%).

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

Hong Kong profits tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profit for the year.

Macau income tax is calculated at the prevailing tax rate of 12% (2023: 12%) in Macau.

Details of deferred tax are set out in note 33.

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at 31 December 2024 in certain jurisdictions in which the Group operates. The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group's effective tax rates in all jurisdictions in which it operates are above 15% and the directors of the Company are not currently aware of any circumstances under which they might change. Therefore, the Group does not expect potential exposure to Pillar Two "top-up" taxes.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

11. INCOME TAX EXPENSES *(continued)*

The income tax expenses for the year are reconciled to the profit before tax per the consolidated income statement as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	**26,407,914**	41,120,334
Tax at the applicable tax rate of 25% (2023: 25%)	**6,601,978**	10,280,084
PRC withholding income tax	**70,637**	114,698
PRC LAT	**2,393,800**	5,827,734
Tax effect of PRC LAT	**(598,450)**	(1,456,934)
Tax effect of share of profits and losses of associates and joint ventures	**(162,262)**	(406,827)
Tax effect of expenses not deductible for tax purpose	**904,638**	1,069,033
Tax effect of income not taxable for tax purpose	**(92,898)**	(165,083)
Effect of different tax rates	**(164,629)**	(870,806)
Over-provision in prior years	**(225,427)**	(370,280)
Others	**(106,702)**	52,070
Income tax expenses for the year	**8,620,685**	14,073,689

12. PROFIT FOR THE YEAR

	2024 RMB'000	2023 RMB'000
Profit for the year has been arrived at after charging/(crediting):		
Auditors' remuneration		
Audit services	**11,419**	10,746
Non-audit services	**1,320**	793
	12,739	11,539
Depreciation	**459,527**	405,104
Staff costs (including benefits and interests of directors) *(Note)*	**2,042,126**	2,549,048
Share of tax of associates and joint ventures	**718,888**	1,079,906
Cost of stock of properties and other inventories recognised as expenses	**147,703,693**	157,360,714
Rental income in respect of investment properties under operating leases, net of outgoings of RMB2,579,447,000 (2023: RMB2,060,491,000)	**(3,359,142)**	(3,124,180)

Note: The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of the trustees. During the year ended 31 December 2024, the aggregate amount of forfeited contributions in respect of employees who left before their interests vested fully and thus utilised to reduce contributions during the year was RMB3,000 (2023: RMB99,000).

The employees of the Group's subsidiaries established in the PRC are members of a state-managed retirement scheme operated by the PRC government. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme.

The total cost for contributions to the retirement schemes by the Group for the year was RMB213,726,000 (2023: RMB210,924,000).

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

13. BENEFITS AND INTERESTS OF DIRECTORS

		For the year ended 31 December 2024 As director				
	Notes	Directors' fees RMB'000	Basic salaries, allowances and benefits-in-kind *(Note (i))* RMB'000	Performance related bonus RMB'000	Provident fund contributions RMB'000	Total RMB'000
Executive Directors						
Yan Jianguo	*(ii)*	–	–	–	–	–
Luo Liang	*(vi)*	–	1,063	1,000	42	2,105
Zhang Zhichao		–	2,148	850	86	3,084
Guo Guanghui		–	1,945	815	103	2,863
		–	5,156	2,665	231	8,052
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-executive Directors						
Zhuang Yong		–	–	–	–	–
Zhao Wenhai	*(vii)*	–	–	–	–	–
Independent Non-executive Directors						
Li Man Bun, Brian David	*(iii)*	500 (approximately RMB458)	–	–	–	500 (approximately RMB458)
Chan Ka Keung, Ceajer	*(iii)*	500 (approximately RMB458)	–	–	–	500 (approximately RMB458)
Chan Ching Har, Eliza	*(iii), (v)*	500 (approximately RMB458)	–	–	–	500 (approximately RMB458)
		1,500 (approximately RMB1,374)	–	–	–	1,500 (approximately RMB1,374)

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

13. BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

		For the year ended 31 December 2023 As director				
	Notes	Directors' fees RMB'000	Basic salaries, allowances and benefits-in-kind *(Note (i))* RMB'000	Performance related bonus RMB'000	Provident fund contributions RMB'000	Total RMB'000
Executive Directors						
Yan Jianguo	*(ii)*	–	–	–	–	–
Luo Liang		–	2,307	3,000	98	5,405
Zhang Zhichao		–	2,258	3,300	83	5,641
Guo Guanghui		–	2,021	3,200	98	5,319
		–	6,586	9,500	279	16,365
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-executive Directors						
Zhuang Yong		–	–	–	–	–
Zhao Wenhai		–	–	–	–	–
Independent Non-executive Directors						
Fan Hsu Lai Tai, Rita	*(iii), (iv)*	245 (approximately RMB219)	–	–	–	245 (approximately RMB219)
Li Man Bun, Brian David	*(iii)*	500 (approximately RMB447)	–	–	–	500 (approximately RMB447)
Chan Ka Keung, Ceajer	*(iii)*	500 (approximately RMB447)	–	–	–	500 (approximately RMB447)
Chan Ching Har, Eliza	*(iii), (v)*	255 (approximately RMB228)	–	–	–	255 (approximately RMB228)
		1,500 (approximately RMB1,341)	–	–	–	1,500 (approximately RMB1,341)

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

13. BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

Notes:

(i) Basic salaries, allowances and benefits-in-kind include housing allowance and non-cash benefits including the expense incurred in respect of the annual leave in lieu and share-based payments.

(ii) Mr. Yan Jianguo decided to waive his director's emoluments and ceased to receive any director's emolument with effect from 1 January 2023.

(iii) The directors' fees are paid in HK$. The RMB amounts are disclosed for presentation purpose only.

(iv) Retired on 28 June 2023.

(v) Appointed on 29 June 2023.

(vi) Retired on 29 August 2024.

(vii) Resigned on 22 January 2025.

The performance related bonus was determined based on the Group's performance for the year.

Of the five individuals with the highest emoluments in the Group, one (2023: three) was director of the Company whose emoluments are included above. The emoluments of the remaining four (2023: two) individuals were set out as follows:

	2024 RMB'000	2023 RMB'000
Basic salaries, allowances and benefits-in-kind	**8,491**	3,776
Performance related bonus	**3,483**	6,000
Provident fund contributions	**444**	196
	12,418	9,972

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2024	2023
HK$3,000,001 to HK$3,500,000	**2**	–
HK$3,500,001 to HK$4,000,000	**2**	–
HK$5,500,001 to HK$6,000,000	**–**	2
	4	2

Save as disclosed above, no directors waived any emoluments in both years ended 31 December 2024 and 2023.

No directors received any emoluments as inducement to join or upon joining the Company or as compensation for loss of office in both years ended 31 December 2024 and 2023.

During the year, Mr. Yan Jianguo held directorship in CSCEC's subsidiaries/associated companies, which engaged in construction, property development and property investment and related businesses.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

14. EARNINGS PER SHARE

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

	2024 RMB'000	2023 RMB'000
Earnings		
Earnings for the purpose of calculation of basic and diluted earnings per share		
Profit for the year attributable to owners of the Company	**15,635,658**	25,609,837

	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic and diluted earnings per share	**10,944,884**	10,944,884

No adjustment has been made to the basic earnings per share presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share presented.

15. DIVIDENDS

	2024 RMB'000	2023 RMB'000
Dividends recognised as distributions during the year:		
Final dividend for the year ended 31 December 2023 of HK45 cents per share (2023: Final dividend for the year ended 31 December 2022 of HK40 cents per share)	**4,536,107**	3,983,938
Interim dividend for the year ended 31 December 2024 of HK30 cents per share (2023: Interim dividend for the year ended 31 December 2023 of HK35 cents per share)	**2,962,014**	3,581,713
	7,498,121	7,565,651

The final dividend of HK30 cents per share for the year ended 31 December 2024, amounting to approximately RMB3,053,623,000 has been proposed by the Board and is subject to approval by the shareholders at the forthcoming annual general meeting of the Company. 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 recognised as dividend payable in the consolidated financial statements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

16. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets *(Note 35(i))*							
	Leasehold land and buildings RMB'000	Prepaid lease payments for land RMB'000	Other right-of-use assets RMB'000	Hotel buildings RMB'000	Plant, machinery and equipment RMB'000	Furniture, fixtures, office equipment and motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2023	1,799,393	581,526	952,821	4,969,800	201,303	1,157,675	78,037	9,740,555
Additions	–	–	836	73,664	412	130,354	442	205,708
Disposals	(40,573)	–	(620,284)	–	(24)	(16,635)	–	(677,516)
Transfer from investment properties, net	61,360	–	–	–	–	–	–	61,360
Exchange realignment	9,274	–	3,583	–	–	1,700	–	14,557
At 31 December 2023 and 1 January 2024	**1,829,454**	**581,526**	**336,956**	**5,043,464**	**201,691**	**1,273,094**	**78,479**	**9,344,664**
Additions	**266**	**–**	**142**	**17,425**	**3,559**	**174,338**	**2,305**	**198,035**
Disposals	**(21,418)**	**–**	**–**	**–**	**(1,838)**	**(19,231)**	**–**	**(42,487)**
Transfer from investment properties, net	**653,564**	**–**	**–**	**–**	**–**	**–**	**–**	**653,564**
Exchange realignment	**11,045**	**–**	**2,810**	**–**	**–**	**2,217**	**–**	**16,072**
At 31 December 2024	**2,472,911**	**581,526**	**339,908**	**5,060,889**	**203,412**	**1,430,418**	**80,784**	**10,169,848**
DEPRECIATION								
At 1 January 2023	441,049	147,737	604,473	683,400	173,551	604,800	–	2,655,010
Provided for the year	45,070	12,876	102,742	131,695	2,661	110,060	–	405,104
Eliminated on disposals	(5,314)	–	(603,222)	–	(22)	(14,011)	–	(622,569)
Transfer to investment properties	(1,807)	–	–	–	–	–	–	(1,807)
Exchange realignment	2,555	–	1,073	–	–	1,508	–	5,136
At 31 December 2023 and 1 January 2024	**481,553**	**160,613**	**105,066**	**815,095**	**176,190**	**702,357**	**–**	**2,440,874**
Provided for the year	**70,490**	**14,372**	**49,834**	**137,830**	**5,044**	**181,957**	**–**	**459,527**
Eliminated on disposals	**(1,808)**	**–**	**–**	**–**	**(1,595)**	**(18,358)**	**–**	**(21,761)**
Transfer to investment properties	**(17,538)**	**–**	**–**	**–**	**–**	**–**	**–**	**(17,538)**
Exchange realignment	**5,287**	**–**	**1,539**	**–**	**–**	**1,190**	**–**	**8,016**
At 31 December 2024	**537,984**	**174,985**	**156,439**	**952,925**	**179,639**	**867,146**	**–**	**2,869,118**
CARRYING VALUE								
At 31 December 2024	**1,934,927**	**406,541**	**183,469**	**4,107,964**	**23,773**	**563,272**	**80,784**	**7,300,730**
At 31 December 2023	1,347,901	420,913	231,890	4,228,369	25,501	570,737	78,479	6,903,790

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	Over the shorter of the lease term and the estimated useful lives of the assets
Prepaid lease payments for land	Over the shorter of the lease term and the estimated useful lives of the assets
Other right-of-use assets	3 to 10 years
Hotel buildings	Over the shorter of the lease term and the estimated useful lives of the assets
Plant, machinery and equipment	3 to 10 years
Furniture, fixtures, office equipment and motor vehicles	3 to 8 years

17. INVESTMENT PROPERTIES

	Completed			Under Construction	
	The Chinese mainland RMB'000	Hong Kong and Macau RMB'000	The United Kingdom RMB'000	The Chinese mainland RMB'000	Total RMB'000
FAIR VALUE					
At 1 January 2023	124,080,900	2,172,368	5,166,247	58,807,001	190,226,516
Additions	64,461	3,019	–	13,352,284	13,419,764
Gains arising from changes in fair value of Investment properties	1,267,743	70,379	(803,460)	4,311,059	4,845,721
Transfer upon completion	41,778,744	–	–	(41,778,744)	–
Transfer to property, plant and equipment, net	(63,167)	–	–	–	(63,167)
Disposals	(588,520)	(569,400)	–	–	(1,157,920)
Exchange realignment	–	49,470	425,784	–	475,254
At 31 December 2023 and 1 January 2024	**166,540,161**	**1,725,836**	**4,788,571**	**34,691,600**	**207,746,168**
Additions	**207,217**	**5,916**	**4,340**	**4,173,781**	**4,391,254**
Gains arising from changes in fair value of Investment properties	**(1,663,293)**	**(1,703)**	**10,693**	**2,071,619**	**417,316**
Transfer upon completion	**17,762,000**	**–**	**–**	**(17,762,000)**	**–**
Transfer to property, plant and equipment, net	**(671,102)**	**–**	**–**	**–**	**(671,102)**
Transfer to assets held for sale *(Note)*	**(2,545,229)**	**–**	**–**	**–**	**(2,545,229)**
Disposals	**(990,163)**	**–**	**–**	**–**	**(990,163)**
Exchange realignment	**–**	**41,787**	**9,018**	**–**	**50,805**
At 31 December 2024	**178,639,591**	**1,771,836**	**4,812,622**	**23,175,000**	**208,399,049**

Note: In December 2024, the Group entered into a sale and purchase agreement with an independent third party to dispose of its certain investment properties in Beijing. The completion date is expected to be on or before 31 December 2025. The abovementioned investment properties amounted to RMB2,545,229,000 are represented in the segment of commercial property operations and had been reclassified to assets held for sale at 31 December 2024.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

17. INVESTMENT PROPERTIES *(continued)*

Leasing Arrangements

Investment properties are leased to tenants under operating leases. Where considered necessary to reduce credit risk, the Group may obtain rental deposits from the tenant.

For future minimum lease receivables in leases of investment properties, please refer to note 36.

Investment Properties Valuation

The fair values of the investment properties held by the Group at 31 December 2024 have been arrived on the basis of a valuation carried out on that date by Cushman & Wakefield Limited and KPMG Advisory (China) Limited Shenzhen Branch (2023: Cushman & Wakefield Limited). The current use of the investment properties equates to their highest and best use.

The valuers mentioned above are independent firms of professional valuers not connected with the Group, who have appropriate qualification and recent experience in the valuation of similar properties in the relevant locations.

The Group's finance team reviews the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation assumptions and results are held between management and the valuers at least twice a year when the valuation is performed for interim and annual financial reporting.

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

Fair values of the Group's investment properties are categorised as level 3 measurement in the three-level fair value hierarchy. During the year, there were no transfers between different levels within the fair value hierarchy.

The investment properties classified as assets held for sale were stated at fair value with reference to the agreed selling prices as stated in the sale and purchase agreements and the fair value measurement of the properties was classified as level 2 valuation as there was no significant unobservable input.

Fair Value Measurements Using Significant Unobservable Inputs

The valuation for completed investment properties was arrived at by considering the capitalised income derived from the existing tenancies and the reversionary potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

The valuation for investment properties under construction was arrived at by making reference to comparable selling prices, as available in the relevant market. The estimated construction costs to complete the development and estimated developer's profits at the date of valuation are also taken into account.

There was no change to the valuation techniques during the year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

17. INVESTMENT PROPERTIES *(continued)*

Fair Value Measurements Using Significant Unobservable Inputs *(continued)*

Information about fair value measurements using significant unobservable inputs

Description	Fair value at 31 December 2024 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Investment properties under construction in the Chinese mainland	23,175,000	Residual method	Estimated selling prices	RMB8,910 – RMB106,200 per sq m
			Estimated costs to completion	RMB5,082 – RMB14,789 per sq m
			Estimated developer's profit	6.0% – 19.0%
Completed investment properties in the Chinese mainland	178,639,591	Investment approach	Prevailing market rents	RMB15 – RMB1,059 per sq m per month
			Reversionary yield	2.0% – 8.0%
Completed investment properties in Hong Kong and Macau	1,771,836	Investment approach	Prevailing market rents	HK$15 – HK$240 per sq ft per month
			Reversionary yield	2.2% – 3.8%
Completed investment properties in the United Kingdom	4,812,622	Investment approach	Prevailing market rents	GBP53 – GBP81 per sq ft per year
			Reversionary yield	6.0% – 7.2%

Description	Fair value at 31 December 2023 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Investment properties under construction in the Chinese mainland	34,691,600	Residual method	Estimated selling prices	RMB2,527 – RMB120,500 per sq m
			Estimated costs to completion	RMB1,540 – RMB13,500 per sq m
			Estimated developer's profit	7.0% – 20.0%
Completed investment properties in the Chinese mainland	166,540,161	Investment approach	Prevailing market rents	RMB18 – RMB1,041 per sq m per month
			Reversionary yield	2.0% – 8.0%
Completed investment properties in Hong Kong and Macau	1,725,836	Investment approach	Prevailing market rents	HK$15 – HK$240 per sq ft per month
			Reversionary yield	2.1% – 3.8%
Completed investment properties in the United Kingdom	4,788,571	Investment approach	Prevailing market rents	GBP62 – GBP80 per sq ft per year
			Reversionary yield	5.75% – 6.25%

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

17. INVESTMENT PROPERTIES *(continued)*

Fair Value Measurements Using Significant Unobservable Inputs *(continued)*

Information about fair value measurements using significant unobservable inputs *(continued)*

Estimated costs to completion and the developer's profit required are estimated by the independent valuers based on market conditions at the end of the reporting period. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The lower is the costs and developer's profit, the higher is the fair value.

Estimated selling prices and prevailing market rents are estimated based on the independent valuers' view of recent lettings or selling transactions within the subject properties and other comparable properties. The higher is the selling prices and rents, the higher is the fair value.

The reversionary yield is estimated by the independent valuers based on the risk profile of the properties being valued and the market conditions. The lower is the reversionary yield, the higher is the fair value.

18. INTERESTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Cost of investments		
Listed in Hong Kong	**4,229,703**	4,229,703
Unlisted	**6,994,690**	8,404,891
Loans to associates *(Note)*	**1,125,347**	1,098,726
Share of post-acquisition profits and losses and other comprehensive income, net of dividends received	**9,717,223**	9,448,831
	22,066,963	23,182,151
Market value of the interest in the listed associate	**2,322,249**	3,292,089

Note: The loans to associates are classified as equity loan in nature. At 31 December 2024 and 2023, the loans to associates are unsecured, interest-free and have no fixed term of repayment.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

18. INTERESTS IN ASSOCIATES *(continued)*

Set out below are the particulars of the principal associates at 31 December 2024. In the opinion of the directors of the Company, to give details of other associates would result in particulars of excessive length.

Name of entity	Place of incorporation/ establishment	Place of operation	Proportion of nominal value of issued ordinary capital/registered capital held by the Group 2024	2023	Principal activities
China Overseas Grand Oceans Group Ltd. ("COGO")*	Hong Kong	PRC	39.63%	39.63%	Property investment and development, property leasing and investment holding
金茂投資(長沙)有限公司	PRC	PRC	20%	20%	Property development
上海佳晟房地產開發有限公司	PRC	PRC	49%	49%	Property development
廈門市海貿地產有限公司	PRC	PRC	50%	50%	Property development
深圳市招航置業有限公司	PRC	PRC	30%	30%	Property development
天津中海海鑫地產有限公司	PRC	PRC	34%	34%	Property development
廈門悅琴海聯建設發展有限公司	PRC	PRC	30%	30%	Property development
東莞市松潤房地產有限公司	PRC	PRC	20%	20%	Property development

* *COGO is listed on the Main Board of the Hong Kong Stock Exchange.*

All of these associates are accounted for using the equity method in these consolidated financial statements.

Set out below is the summarised financial information of an associate of the Group at 31 December 2024 which, in the opinion of the directors of the Company, is material to the Group.

Summarised Statement of Financial Position

	COGO 2024 RMB'000	2023 RMB'000
Current		
Bank balances and cash	27,290,854	26,020,603
Other current assets	93,911,848	117,613,737
Total current assets	121,202,702	143,634,340
Financial liabilities (excluding trade payables)	(19,017,131)	(20,467,753)
Other current liabilities (including trade payables)	(42,749,856)	(60,837,801)
Total current liabilities	(61,766,987)	(81,305,554)
Non-current		
Total non-current assets	7,980,192	8,396,114
Financial liabilities	(27,263,217)	(30,108,234)
Other liabilities	(2,601,627)	(2,487,150)
Total non-current liabilities	(29,864,844)	(32,595,384)
Net assets	37,551,063	38,129,516

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

18. INTERESTS IN ASSOCIATES *(continued)*

Summarised Statement of Comprehensive income

	COGO	
	2024	2023
	RMB'000	RMB'000
Revenue	**45,895,252**	56,408,144
Depreciation	**(122,404)**	(116,808)
Interest income	**222,817**	372,321
Finance costs	**(59,453)**	(65,237)
Profit before tax	**2,160,744**	4,122,713
Income tax expenses	**(944,903)**	(2,097,753)
Profit for the year	**1,215,841**	2,024,960
Other comprehensive income	**(615,775)**	(291,831)
Total comprehensive income	**600,066**	1,733,129
Dividends received from COGO	**181,683**	259,497

Reconciliation of Summarised Financial Information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the associate:

	COGO	
	2024	2023
	RMB'000	RMB'000
Opening net assets at 1 January	**38,129,516**	37,401,152
Profit for the year	**1,215,841**	2,024,960
Other comprehensive income	**(615,775)**	(291,831)
Dividends paid	**(458,390)**	(654,718)
Other equity movement	**212,450**	6,199
Reserve movement from non-controlling interests	**(932,579)**	(356,246)
Closing net assets at 31 December	**37,551,063**	38,129,516
Non-controlling interests	**(6,155,196)**	(6,825,984)
Equity attributable to owners of the associate	**31,395,867**	31,303,532
Group's effective interest	**39.63%**	39.63%
Carrying value of the Group's interest at 31 December	**12,443,752**	12,407,155

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

18. INTERESTS IN ASSOCIATES *(continued)*

Aggregate Information of Associates that are not Individually Material

	2024 RMB'000	2023 RMB'000
The Group's share of profit and losses for the year	**497,264**	220,061
The Group's share of total comprehensive income for the year	**497,264**	220,061
Aggregate carrying amount of the Group's interests in these associates	**9,623,211**	10,774,996

The financial guarantees granted to the Group's associates are disclosed in note 39.

19. INTERESTS IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000
Cost of investments, unlisted	**5,810,684**	6,105,907
Loans to joint ventures *(Note)*	**13,576,752**	11,988,165
Share of post-acquisition profits and losses and other comprehensive income, net of dividends received	**4,442,679**	5,025,940
	23,830,115	23,120,012

Note: The loans to joint ventures are classified as equity loan in nature. At 31 December 2024, the loans to joint ventures are unsecured, interest-free and have no fixed term of repayment, except for the amounts of RMB642,983,000, which bear fixed interest rates at 2% per annum. At 31 December 2023, the loans to joint ventures are unsecured, interest-free and have no fixed term of repayment.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

19. INTERESTS IN JOINT VENTURES *(continued)*

Set out below are the particulars of the principal joint ventures at 31 December 2024. In the opinion of the directors of the Company, to give details of other joint ventures would result in particulars of excessive length.

Name of entity	Place of incorporation/ establishment	Place of operation	Proportion of nominal value of issued ordinary capital/registered capital held by the Group 2024	2023	Principal activities
Ultra Keen Holdings Limited	Hong Kong	Hong Kong	30%^	30%^	Property development
Infinite Sun Limited	Hong Kong	Hong Kong	30%^	30%^	Property development
Dragon Star H.K. Investments Limited	Hong Kong	Hong Kong	20%^	20%^	Property development
Marble Edge Investments Limited	Hong Kong	Hong Kong	18%^	18%^	Property development
Grand Ample Limited	Hong Kong	Hong Kong	33.3%^	33.3%^	Property development
Asia Power Development Limited	Hong Kong	Hong Kong	50%^	50%^	Property development
Capital Asian Limited	Hong Kong	Hong Kong	20%^	20%^	Property development
重慶嘉益商業管理有限公司	PRC	PRC	50%^	50%^	Property development
中海保利達地產(佛山)有限公司	PRC	PRC	50%^	50%^	Property development
北京南悦房地產開發有限公司	PRC	PRC	35%^	35%^	Property development
青島海捷置業有限公司	PRC	PRC	50%^	50%^	Property development

^ *The Group exercises joint control over decisions about the relevant activities which require unanimous consent with other joint venture partners in accordance with joint venture agreements and/or the companies' articles, and accordingly, these companies have been accounted for as joint ventures.*

All of these joint ventures are accounted for using the equity method in these consolidated financial statements. In the opinion of the directors of the Company, there are no individually material joint ventures.

Aggregate Information of Joint Ventures that are not Individually Material

	2024 RMB'000	2023 RMB'000
The Group's share of profit and losses for the year	(226,353)	377,138
The Group's share of total comprehensive income for the year	(226,353)	377,138
Aggregate carrying amount of the Group's interests in these joint ventures	23,830,115	23,120,012

The financial guarantees granted to the Group's joint ventures are disclosed in note 39.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Investments in unlisted equity securities in the PRC	**288,382**	218,173

The above equity investments were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income. For information about the method used in determining fair value, please refer to note 6.

21. STOCK OF PROPERTIES AND OTHER INVENTORIES

	2024 RMB'000	2023 RMB'000
Completed properties	**149,175,084**	152,403,907
Properties under development *(Note)*	**304,925,693**	335,083,566
Total stock of properties	**454,100,777**	487,487,473
Other inventories	**173,669**	153,331
	454,274,446	487,640,804

Note: Included in the amount are properties under development of RMB147,561,722,000 (2023: RMB189,154,192,000) which are not expected to be realised within twelve months from the end of the reporting period.

At 31 December 2024, stock of properties included the costs incurred in fulfilling customer contracts amounting to RMB118,632,236,000 (2023: RMB81,610,483,000).

At 31 December 2024, the stock of properties included costs incurred for a project in Beijing of RMB457,281,000 (2023: RMB1,115,591,000), whereby the Group entered into agreements with the Beijing local government for land development works which included but is not limited to the relocation of residents and infrastructure constructions, and subsequent development of residential properties for sale.

22. LAND DEVELOPMENT EXPENDITURE

	2024 RMB'000	2023 RMB'000
Costs incurred	**5,961,031**	8,604,923

The Group entered into agreements ("Agreements") with the local government to redevelop some lands in respective cities. The Group assists the local government for the land redevelopment works, which included but is not limited to the removal of the existing buildings situated on the land, the relocation of the existing residents, the provision of infrastructure systems including roads, the drainage system, water, gas and electricity supply and the construction of public facilities. Pursuant to the Agreements, the Group will be reimbursed for the actual costs incurred in carrying out the land development and be entitled to the fixed returns irrespective of whether the Group will obtain the land use rights of the land in the future. The fixed return is recognised as income from primary land development under other income in the consolidated financial statements with reference to the progress for the land redevelopment works.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

23. TRADE AND OTHER RECEIVABLES

Proceeds receivable in respect of property development are settled in accordance with the terms stipulated in the sale and purchase agreements.

Except for the proceeds from property development and rental income which are receivable in accordance with the terms of the relevant agreements, the Group generally allows a credit period of not exceeding 60 days to its customers.

At the end of the reporting period, the ageing analysis of trade receivables, based on the date the trade receivables recognised, is as follows:

	2024 RMB'000	2023 RMB'000
Trade receivables, aged		
0 – 30 days	**424,195**	2,613,405
31 – 90 days	**262,063**	423,093
Over 90 days	**903,910**	971,682
	1,590,168	4,008,180
Other receivables – current portion	**1,815,902**	2,978,926
	3,406,070	6,987,106

In determining the recoverability of trade receivables, management has closely monitored the credit qualities and the collectability of these receivables and considers that the expected credit risks of them are minimal in view of the track record of repayment from them, the history of cooperation with them and forward-looking information. The concentration of credit risk is limited due to the customer base being large and unrelated. The provision of trade and other receivables was insignificant at the end of the reporting period (2023: insignificant).

24. AMOUNTS DUE FROM ASSOCIATES/JOINT VENTURES/ NON-CONTROLLING SHAREHOLDERS

At 31 December 2024, the amounts due from associates are unsecured, interest-free and recoverable on demand. At 31 December 2023, the amounts due from associates are unsecured, interest-free and recoverable on demand except for the amounts of RMB100,562,000 which bore fixed interest rate of 6.5% per annum.

At 31 December 2024, the amounts due from joint ventures are unsecured, interest-free and recoverable on demand, except for the amounts of RMB2,231,667,000 (2023: RMB4,510,609,000) which bear fixed interest rates, ranging from 3.1% to 12.0% (2023: 3.1% to 12.0%) per annum.

At 31 December 2024 and 2023, the amounts due from non-controlling shareholders are unsecured, interest-free and recoverable on demand.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

25. BANK BALANCES AND CASH

At 31 December 2024, bank balances and cash included cash and cash equivalents of RMB123,892,213,000 (2023: RMB105,344,021,000) and restricted bank deposits of RMB276,015,000 (2023: RMB285,012,000). The restricted bank deposits are mainly guarantee deposits designated for certain property development projects.

At 31 December 2024, current deposits of RMB124,772,000 (2023: RMB39,330,000), which carried interest rates ranging from 0.355% to 1.25% (2023: 0.2% to 1.73%) per annum, were placed by the Group in China State Construction Finance Limited ("CSCFL"), a fellow subsidiary of the Company and a non-bank financial institution approved by the China Banking and Insurance Regulatory Commission. This related party transaction also constitutes continuing connected transactions as defined in Chapter 14A of the Listing Rules.

All bank deposits of the Group carry interest at market rates ranging from 0.001% to 5.3% (2023: 0.001% to 5.76%) per annum.

Cash and cash equivalents included the regulated pre-sales proceeds of properties of RMB24,955,254,000 (2023: RMB20,842,542,000). In accordance with applicable prevailing government regulation, the deposits can only be used for payments of construction cost of related property projects. Such deposits will be released according to the completion stage of the related properties.

At the end of the reporting period, the Group had the following major bank balances and cash denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
Bank balances and cash denominated in:		
RMB	**122,032,482**	102,014,070
HK$	**1,544,028**	1,806,683
US$	**367,809**	1,549,052

The reconciliation of liabilities arising from financing activities is as follows:

	Bank and other borrowings RMB'000	Guaranteed notes and corporate bonds RMB'000	Accrued interest RMB'000	Amounts due to fellow subsidiaries and a related company RMB'000	Amounts due to associates RMB'000	Amounts due to joint ventures RMB'000	Amounts due to non-controlling shareholders RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2023	165,552,630	104,832,616	1,279,479	3,625,206	1,635,770	4,408,323	13,712,388	1,157,533	296,203,945
Financing cash flow	(1,896,699)	(13,685,324)	(9,662,232)	(1,110,968)	2,592,379	(395,992)	(5,498,142)	(110,758)	(29,767,736)
Acquisition of subsidiaries	–	–	–	–	–	–	123,649	–	123,649
Exchange realignment	1,696,794	1,194,675	9,802	51,700	–	–	(21)	2,691	2,955,641
Other non-cash movements	(54,831)	24,275	9,585,825	–	–	12,638	310,800	5,198	9,883,905
At 31 December 2023 and 1 January 2024	**165,297,894**	**92,366,242**	**1,212,874**	**2,565,938**	**4,228,149**	**4,024,969**	**8,648,674**	**1,054,664**	**279,399,404**
Financing cash flow	**194,806**	**(17,745,780)**	**(8,969,497)**	**(1,108,860)**	**1,258,250**	**(93,298)**	**4,923,891**	**(109,827)**	**(21,650,315)**
Exchange realignment	**642,631**	**767,625**	**6,125**	**18,121**	**–**	**365**	**–**	**1,402**	**1,436,269**
Other non-cash movements	**21,665**	**18,895**	**8,787,751**	**–**	**–**	**(93,631)**	**144,865**	**36,970**	**8,916,515**
At 31 December 2024	**166,156,996**	**75,406,982**	**1,037,253**	**1,475,199**	**5,486,399**	**3,838,405**	**13,717,430**	**983,209**	**268,101,873**

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

26. TRADE AND OTHER PAYABLES

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

	2024 RMB'000	2023 RMB'000
Trade payables, aged		
0 – 30 days	**12,341,117**	33,671,880
31 – 90 days	**3,715,087**	4,014,511
Over 90 days	**25,790,833**	31,131,232
	41,847,037	68,817,623
Other payables	**7,657,954**	10,706,239
Retention payable	**6,095,740**	6,160,349
	55,600,731	85,684,211

Other payables mainly include rental and other deposits, other taxes payable and accrued charges.

Of the other payables and retention payable, an amount of RMB4,685,092,000 (2023: RMB4,923,290,000) is due beyond twelve months from the end of the reporting period.

The trade payables are non-interest-bearing and are normally settled within 60 days. The financial liabilities that are part of the Group's supplier finance arrangements included in trade payables are normally settled within 180 days.

The Group has established supplier finance arrangements that are offered to some of the Group's key suppliers of material procurement in Chinese mainland. Participation in the arrangements is at the suppliers' own discretion. Suppliers that participate in the supplier finance arrangements will receive payments from the Group's external finance provider. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices must have been approved by the Group. The Group settles the original invoice by paying the finance provider at a later date as agreed with the finance provider. The Group provides no security to the finance provider.

All financial liabilities that are part of the supplier finance arrangements are included in trade and other payables in the consolidated statement of financial position and within trade payables.

	2024 RMB'000	2023 RMB'000
Carrying amount of financial liabilities that are part of the supplier finance arrangements included in:		
Trade and other payables	**1,629,318**	–
Of which suppliers have received payments	**1,618,542**	–

For financial liabilities that are part of the supplier finance arrangements included in trade and other payables, there were no significant non-cash changes in the carrying amounts of these financial liabilities.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

27. CONTRACT ASSETS AND PRE-SALES PROCEEDS

Details of contract assets are as follows:

	2024 RMB'000	2023 RMB'000
Contract assets related to sales of properties *(Note (i))*	94,205	414,244
Costs for obtaining contracts *(Note (ii))*	453,246	579,297
Total	547,451	993,541

Notes:

(i) Contract assets consist of unbilled amounts resulting from sales of properties when revenue recognised exceeds the amounts billed to the customer.

The decrease in contract assets for the year ended 31 December 2024 was the result of the increase in the amounts billed to the customer during the year.

(ii) Management expects that the incremental costs, primarily sales commissions and stamp duties, as a result of obtaining the pre-sale property contracts, are recoverable. The Group has capitalised the amounts and amortised when the related revenue is recognised. For the years ended 31 December 2024 and 2023, there was no impairment loss in relation to the costs capitalised.

(iii) In determining the recoverability of contract assets, management has closely monitored the credit qualities and the collectability of the assets and considers that the expected credit risks of them are minimal in view of the track record of repayment from them, the history of cooperation with them and forward-looking information. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the provision of contract assets was insignificant at the end of the reporting period (2023: insignificant).

At 31 December 2024, contract assets with a carrying amount of RMB453,948,000 (2023: RMB874,879,000) are expected to be recovered within twelve months from the end of the reporting period.

(iv) Total contract assets as at 1 January 2023 consist of contract assets related to sales of properties of RMB689,403,000 and costs for obtaining contracts of RMB589,033,000.

Details of pre-sales proceeds are as follows:

	2024 RMB'000	2023 RMB'000
Contract liabilities related to sales of properties *(Note (v))*	121,617,904	99,675,470
Value-added tax related to sales of properties as included in pre-sales proceeds	10,924,846	8,943,571
Total pre-sales proceeds	132,542,750	108,619,041

(v) The increase in contract liabilities during the year was in line with the increase in the payments received from customers for the year.

(vi) Total pre-sales proceeds as at 1 January 2023 consist of contract liabilities related to sales of properties of RMB98,814,408,000 and value-added tax related to sales of properties as included in pre-sales proceeds of RMB8,861,525,000.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

27. CONTRACT ASSETS AND PRE-SALES PROCEEDS *(continued)*

The Group receives payments from customers based on the billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties.

The following table shows the amount of revenue recognised in the current reporting period in relation to carried-forward contract liabilities:

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**68,340,197**	88,369,154

Management expects that the transaction price allocated to the unsatisfied contracts related to sales of properties at 31 December 2024 amounting to RMB164,160,155,000 (2023: RMB116,019,514,000) will be recognised as revenue within the coming three financial years.

28. AMOUNTS DUE TO FELLOW SUBSIDIARIES AND A RELATED COMPANY/ASSOCIATES/JOINT VENTURES

At 31 December 2024 and 2023, all the amounts due to fellow subsidiaries and a related company are unsecured, interest-free and repayable on demand.

At 31 December 2024 and 2023, the amounts due to associates are unsecured, interest-free and repayable on demand.

At 31 December 2024, the amounts due to joint ventures are unsecured, interest-free and repayable on demand, except for the amounts of RMB579,503,000 (2023: RMB567,857,000), which bear fixed interest rates at 2.18% (2023: 2.18%) per annum.

29. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

At 31 December 2024, the amounts due to non-controlling shareholders are unsecured, interest-free and repayable on demand, except for the amounts of RMB279,010,000 (2023: RMB1,423,955,000) which bear fixed interest rates ranging from 4.35% to 6.0% (2023: ranging from 5.0% to 6.0%) per annum.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

30. SHARE CAPITAL

	Number of shares '000	HK$'000	RMB'000
Issued and fully paid			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	10,944,884	90,422,641	74,035,443

Share-based Payments

Share Option Scheme of the Company

On 29 June 2018, the Company offered to grant share options (the "2018 Share Options") to certain eligible persons (collectively, the "2018 Options Grantees"), to subscribe for a total of 107,320,000 shares of the Company, subject to acceptance of the 2018 Options Grantees, under the share option scheme adopted by the Company on 11 June 2018 (the "Share Option Scheme"). Out of 107,320,000 shares of 2018 Share Options granted, a total of 2,000,000 shares were granted to directors of the Company. The exercise price is HK$25.85 per share.

One-third of the 2018 Share Options granted may be vested on each of 29 June 2020, 29 June 2021 and 29 June 2022 subject to the exercise conditions under the terms of the Share Option Scheme. The closing price of 2018 Share Options on the date of grant was HK$25.85 per share.

On 24 November 2020, the Company offered to grant share options (the "2020 Share Options") to certain eligible persons (collectively, the "2020 Options Grantees"), to subscribe for a total of 285,840,000 shares of the Company, subject to acceptance of the 2020 Options Grantees, under the Share Option Scheme. Out of 285,840,000 shares of 2020 Share Options granted, a total of 6,300,000 shares were granted to directors of the Company. The exercise price is HK$18.724 per share.

One-third of the 2020 Share Options granted may be vested on each of 24 November 2022, 24 November 2023 and 24 November 2024 subject to the exercise conditions under the terms of the Share Option Scheme. The closing price of 2020 Share Options on the date of grant was HK$17.96 per share.

On 11 November 2021, the Company offered to grant share options (the "2021 Share Options") to certain eligible persons (collectively, the "2021 Options Grantees"), to subscribe for a total of 7,130,000 shares of the Company, subject to acceptance of the 2021 Options Grantees, under the Share Option Scheme. Out of 7,130,000 shares of 2021 Share Options granted, a total of 1,600,000 shares were granted to a director of the Company. The exercise price is HK$18.70 per share.

One-third of the 2021 Share Options granted may be vested on each of 11 November 2023, 11 November 2024 and 11 November 2025 subject to the exercise conditions under the terms of the Share Option Scheme. The closing price of 2021 Share Options on the date of grant was HK$18.70 per share.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

30. SHARE CAPITAL *(continued)*

Share-based Payments *(continued)*

Share Option Scheme of the Company *(continued)*

The fair values of the 2018 Share Options on 29 June 2018, the 2020 Share Options on 24 November 2020 and the 2021 Share Options on 11 November 2021 determined using the Binomial Options Pricing Model were HK$6.36, HK$2.64 and HK$2.89 per share, respectively. The significant inputs adopted in the model include:

Risk-free rate	2018 Share Options: 2.12% with reference to the market yield rates of the Hong Kong Government Bond (maturing 21 June 2021 and 6 December 2021) as of 29 June 2018
	2020 Share Options: 0.34% with reference to the market yield rates of the Hong Kong Government Bond (maturing 20 August 2025 and 27 August 2027) as of 24 November 2020
	2021 Share Options: 1.42% with reference to the Hong Kong Dollar Swap Rate (5Y and 7Y) as of 11 November 2021
Historical volatility	31.91%, 31.89% and 31.31% calculated based on the historical price with a period equals to the life of the 2018, 2020 and 2021 Share Options, respectively
Cap of the share-based payments	40% of the respective Grantees' remuneration for the 2018 Share Options
Dividend yield	3.09%, 5.68% and 6.31% based on the average dividend yield in the past six years for the 2018, 2020 and 2021 Share Options, respectively
Expected option life	6 years for 2018, 2020 and 2021 Share Options

The Binomial Options Pricing Model for the share options requires inputs of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

30. SHARE CAPITAL *(continued)*

Share-based Payments *(continued)*

Share Option Scheme of the Company *(continued)*

Set out below are movements of the share option under the Share Option Scheme:

	2024		2023	
	Average exercise price per share	**Number of share options**	Average exercise price per share	Number of share options
At 1 January	**HK$21.44**	**139,430,500**	HK$19.96	326,112,500
Lapsed/forfeited during the year *(Note 1)*	**HK$25.41**	**(56,692,500)**	HK$20.48	(14,526,000)
Cancelled during the year *(Note 2)*	**HK$18.72**	**(82,738,000)**	HK$18.72	(172,156,000)
At 31 December	**–**	**–**	HK$21.44	139,430,500

Notes:

1. *A total of 51,440,500 shares of 2018 Share Options were expired and have been lapsed during the year ended 31 December 2024. The remainder of 5,252,000 shares (2023: 14,526,000 shares) represented Share Options forfeited upon the resignation of certain eligible persons which the Share Options are exercisable during the year ended 31 December 2024.*

2. *During the year ended 31 December 2024, all the remaining 2020 Share Options and 2021 Share Options (2023: the first tranche and second tranche of the 2020 Share Options, and the first tranche of the 2021 Share Option) have been cancelled in accordance with the exercise conditions under the terms of the Share Option Scheme.*

No options were granted and exercised during both years.

31. BANK AND OTHER BORROWINGS

	2024 RMB'000	2023 RMB'000
Bank and other borrowings		
– secured	**48,955,798**	38,756,596
– unsecured	**117,201,198**	126,541,298
	166,156,996	165,297,894

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

31. BANK AND OTHER BORROWINGS *(continued)*

	2024 RMB'000	2023 RMB'000
The bank and other borrowings are repayable as follows:		
Within one year	**16,633,612**	21,157,995
More than one year, but not exceeding two years	**32,947,808**	27,041,275
More than two years, but not exceeding five years	**85,247,887**	83,655,349
After five years	**31,327,689**	33,443,275
Total bank and other borrowings	**166,156,996**	165,297,894
Less: Amounts classified as current liabilities	**(16,633,612)**	(21,157,995)
Amounts classified as non-current liabilities	**149,523,384**	144,139,899

Borrowings of the Group with a carrying amount of RMB150,696,157,000 (2023: RMB122,252,323,000) bear interest at rates ranging from 1.85% to 7.00% (2023: 2.20% to 7.00%) per annum and are denominated in RMB. Borrowings of the Group amounting to Nil (2023: RMB904,141,000), which are denominated in GBP, are based on the Sterling Overnight Index Average Rate plus a specified margin per annum. The remaining borrowings of the Group amounting to RMB15,460,839,000 (2023: RMB42,141,430,000), which are denominated in HK$, are based on the HIBOR plus a specified margin per annum or bear interest at rates per annum ranging from 1.70% to 2.78% (2023: 1.70% to 2.80%).

At 31 December 2024, unsecured borrowings of RMB177,300,000 (2023: RMB40,000,000) provided to the Group by CSCFL, which carried interest rates ranging from 2.25% to 2.70% (2023: at 2.60%) per annum.

The Group's average borrowing cost is 3.1% (2023:3.55%) per annum. The borrowings amounting to RMB36,514,527,000 (2023: RMB28,567,661,000) and RMB129,642,469,000 (2023: RMB136,730,233,000) are carried at fixed interest rates and variable interest rates respectively.

At 31 December 2024 and 2023, secured bank and other borrowings of the Group were pledged by certain assets as set out in note 40.

The unsecured bank loan of RMB53,428,462,000 (2023: RMB55,343,906,000) and secured bank loans of RMB2,059,410,000 (2023: RMB4,980,200,000), classified as non-current liabilities at 31 December 2024, are subject to certain financial covenants, including debt-to-equity ratios, current ratios, minimum tangible net worth requirements, the ratio of net borrowing to tangible net worth, the ratio of net borrowing (excluding contingent liabilities) to tangible net worth, and the ratio of secured borrowings to tangible net worth. Subject to the respective facility agreement requirements, these covenants are either tested semi-annually on 30 June and 31 December of each year until maturity or required to be complied with at all times as long as the facility amount remains outstanding. The Group has complied with these covenants under the relevant facility agreement at 31 December 2024. Management expects the Group will comply with these financial covenants within 12 months after the end of the reporting period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

32. GUARANTEED NOTES AND CORPORATE BONDS

	2024 RMB'000	2023 RMB'000
The guaranteed notes and corporate bonds are repayable as follows:		
Within one year	**11,956,352**	19,810,287
More than one year, but not exceeding two years	**11,587,746**	18,715,612
More than two years, but not exceeding five years	**36,118,912**	34,580,751
After five years	**15,743,972**	19,259,592
Total guaranteed notes and corporate bonds	**75,406,982**	92,366,242
Less: Amounts classified as current liabilities	**(11,956,352)**	(19,810,287)
Amounts classified as non-current liabilities	**63,450,630**	72,555,955

At 31 December 2024 and 2023, the Group has the following guaranteed notes and corporate bonds issued with similar terms and conditions and different features:

Interest commencement date	Principal amount (in million)	Issue price	Fixed interest rate per annum	Maturity date	Fair value at 31 December 2024[vi] RMB'000	Carrying amount at 31 December 2024 RMB'000	2023 RMB'000
15 November 2012	US$300[i]	99.792%	5.35%[iv]	15 November 2042	**1,935,473**	**2,145,274**	2,093,981
29 October 2013	US$500[i]	99.510%	6.375%[iv]	29 October 2043	**3,628,420**	**3,576,692**	3,491,330
8 May 2014	US$450[i]	99.554%	5.95%[iv]	8 May 2024	**–**	**–**	3,165,960
8 May 2014	US$250[i]	103.080%	5.95%[iv]	8 May 2024	**–**	**–**	1,761,747
11 June 2014	US$500[i]	99.445%	6.45%[iv]	11 June 2034	**3,770,798**	**3,580,354**	3,493,888
23 August 2016	RMB6,000[iii]	100%	3.60%[v]	23 August 2026	**1,949,368**	**1,900,000**	1,900,000
26 April 2018	US$750[i]	99.646%	4.75%[iv]	26 April 2028	**5,327,013**	**5,426,222**	5,294,060
24 January 2019	RMB1,500[iii]	100%	3.75%[v]	24 January 2026	**–**	**–**	1,500,000
15 July 2019	HK$2,000[i]	100%	2.90%[v]	15 January 2025	**–**	**–**	1,814,568
15 July 2019	US$450[i]	99.849%	3.45%[iv]	15 July 2029	**3,006,846**	**3,264,563**	3,185,987
27 November 2019	US$294[i]	99.173%	3.05%[iv]	27 November 2029	**1,918,420**	**2,128,127**	2,075,619
2 March 2020	US$300[i]	99.570%	2.375%[iv]	2 March 2025	**2,145,600**	**2,156,352**	2,116,044
2 March 2020	US$500[i]	99.247%	2.75%[iv]	2 March 2030	**3,172,586**	**3,598,420**	3,510,006
2 March 2020	US$200[i]	99.857%	3.125%[iv]	2 March 2035	**1,150,932**	**1,443,233**	1,408,782
15 January 2021	RMB1,500	100%	3.35%[v]	15 January 2024	**–**	**–**	1,500,000
23 March 2021	RMB1,001[ii][vii]	100%	3.85%[iv]	23 March 2039	**–**	**–**	998,200
15 June 2021	RMB2,000	100%	3.25%[v]	15 June 2024	**–**	**–**	2,000,000
15 June 2021	RMB1,000	100%	3.55%[v]	15 June 2026	**1,022,467**	**1,000,000**	1,000,000
23 June 2021	RMB2,101[ii][vii]	100%	3.60%[iv]	23 June 2039	**–**	**–**	1,999,200
12 July 2021	RMB2,000[ii]	100%	3.25%[v]	12 July 2025	**–**	**–**	2,000,000
9 August 2021	RMB1,500[iii]	100%	3.25%[v]	9 August 2028	**1,529,905**	**1,500,000**	1,500,000
10 November 2021	RMB1,901[ii][vii]	100%	3.50%[iv]	10 November 2039	**–**	**–**	1,885,180
25 November 2021	RMB1,700	100%	3.08%[v]	25 November 2024	**–**	**–**	1,700,000
25 November 2021	RMB1,200	100%	3.38%[v]	25 November 2026	**1,229,752**	**1,200,000**	1,200,000
20 December 2021	RMB1,300	100%	2.98%[v]	20 December 2024	**–**	**–**	1,300,000
20 December 2021	RMB800	100%	3.38%[v]	20 December 2026	**820,513**	**800,000**	800,000
14 January 2022	RMB1,800	100%	2.88%[v]	14 January 2025	**1,800,673**	**1,800,000**	1,800,000

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

32. GUARANTEED NOTES AND CORPORATE BONDS *(continued)*

At 31 December 2024 and 2023, the Group has the following guaranteed notes and corporate bonds issued with similar terms and conditions and different features: *(continued)*

Interest commencement date	Principal amount (in million)	Issue price	Fixed interest rate per annum	Maturity date	Fair value at 31 December 2024[vi] RMB'000	Carrying amount at 31 December 2024 RMB'000	2023 RMB'000
14 January 2022	RMB1,200	100%	3.25%[v]	14 January 2027	1,229,392	1,200,000	1,200,000
23 February 2022	RMB1,000	100%	3.22%[v]	23 February 2027	1,025,057	1,000,000	1,000,000
29 March 2022	RMB5,001[iii][vii]	100%	3.35%[iv]	29 March 2040	–	–	4,985,000
7 April 2022	RMB2,000	100%	3.05%[v]	7 April 2025	2,006,576	2,000,000	2,000,000
7 April 2022	RMB1,000	100%	3.50%[v]	7 April 2027	1,031,816	1,000,000	1,000,000
10 May 2022	RMB1,500	100%	2.75%[v]	10 May 2025	1,504,576	1,500,000	1,500,000
10 May 2022	RMB1,500	100%	3.48%[v]	10 May 2027	1,548,843	1,500,000	1,500,000
27 May 2022	RMB2,000	100%	2.63%[v]	27 May 2025	2,006,126	2,000,000	2,000,000
27 May 2022	RMB1,000	100%	3.10%[v]	27 May 2027	1,024,969	1,000,000	1,000,000
25 July 2022	RMB2,000	100%	3.26%[v]	25 July 2027	2,060,892	2,000,000	2,000,000
20 September 2022	RMB1,000	100%	2.40%[v]	20 September 2025	1,003,628	1,000,000	1,000,000
20 September 2022	RMB500	100%	3.15%[v]	20 September 2027	514,391	500,000	500,000
27 October 2022	RMB1,000	100%	2.85%[v]	27 October 2027	1,022,122	1,000,000	1,000,000
14 December 2022	RMB2,000	100%	2.70%[v]	14 December 2027	2,037,570	2,000,000	2,000,000
14 December 2022	RMB1,000	100%	2.70%[v]	14 December 2027	1,018,785	1,000,000	1,000,000
20 December 2022	RMB1,500	100%	2.25%[v]	20 December 2025	1,505,115	1,500,000	1,500,000
20 December 2022	RMB1,500	100%	2.70%[v]	20 December 2027	1,527,805	1,500,000	1,500,000
25 October 2023	RMB3,190	100%	3.50%[iv]	25 October 2026	3,191,416	3,187,745	3,186,690
7 November 2023	RMB2,000	100%	2.90%[v]	7 November 2026	2,031,108	2,000,000	2,000,000
7 November 2023	RMB1,000	100%	3.25%[v]	7 November 2028	1,038,700	1,000,000	1,000,000
12 December 2023	RMB3,000	100%	3.20%[v]	12 December 2028	3,112,443	3,000,000	3,000,000
24 January 2024	RMB1,500	100%	2.80%[v]	24 January 2027	1,523,665	1,500,000	–
24 January 2024	RMB1,500	100%	3.05%[v]	24 January 2029	1,549,017	1,500,000	–
24 April 2024	RMB3,000	100%	2.68%[v]	24 April 2029	3,057,393	3,000,000	–
28 November 2024	RMB1,600	100%	2.35%[v]	28 November 2029	1,610,101	1,600,000	–
28 November 2024	RMB1,400	100%	2.70%[v]	28 November 2034	1,412,610	1,400,000	–
					75,002,882	75,406,982	92,366,242
		Less: Amounts classified as current liabilities				(11,956,352)	(19,810,287)
		Amounts classified as non-current liabilities				63,450,630	72,555,955

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

32. GUARANTEED NOTES AND CORPORATE BONDS *(continued)*

Notes:

(i) The guaranteed notes are unconditionally and irrevocably guaranteed by the Company. They shall become immediately due and payable in the event of the failure to perform or observe certain conditions set out in the trust deed which include, inter alia, the negative pledge given by the Company and the related subsidiaries.

(ii) The guaranteed notes and corporate bonds are with terms for adjustment of the interest rate and sell back option at the end of the third year from interest commencement date.

(iii) The guaranteed notes and corporate bonds are with terms for adjustment of the interest rate and sell back option at the end of the fifth year from interest commencement date.

(iv) Payable semi-annually.

(v) Payable annually.

(vi) The fair values of the guaranteed notes and corporate bonds at 31 December 2024 were determined based on the closing market prices of the guaranteed notes and corporate bonds and are within Level 1 of the fair value hierarchy.

(vii) Representing commercial mortgage-backed securities guaranteed by a subsidiary of the Company, and secured by certain assets of the Group at 31 December 2023 as set out in note 40.

33. DEFERRED TAX

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior years.

Deferred tax liabilities/(assets)

	Accelerated tax depreciation RMB'000	Revaluation of properties RMB'000	Fair value adjustment on properties RMB'000	Undistributed earnings of PRC subsidiaries and joint ventures RMB'000	Other taxable temporary differences RMB'000	Unrealised profit RMB'000	Unused tax loss RMB'000	Provision for LAT RMB'000	Other deductible temporary differences RMB'000	Right-of-use Assets RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2023	14,892	17,895,124	5,556,813	116,021	1,829,455	(97,291)	(599,402)	(4,455,687)	(866,854)	263,989	(263,989)	19,393,071
Acquisition of subsidiaries	–	–	338,671	–	–	–	(57,105)	(99,514)	(3,611)	–	–	178,441
Charged/(credited) to profit or loss	(5,197)	1,441,216	(1,867,360)	–	279,290	(37,901)	(116,238)	483,702	94,944	(27,300)	6,743	251,899
Exchange realignment	393	–	–	–	–	–	(1,679)	–	–	–	–	(1,286)
At 31 December 2023 and 1 January 2024	10,088	19,336,340	4,028,124	116,021	2,108,745	(135,192)	(774,424)	(4,071,499)	(775,521)	236,689	(257,246)	19,822,125
Charged/(credited) to profit or loss	803	101,768	(359,894)	–	382,113	44,002	(962,107)	1,488,833	(87,468)	(45,678)	24,178	586,550
Exchange realignment	259	–	–	–	–	–	(516)	–	(16)	–	–	(273)
31 December 2024	11,150	19,438,108	3,668,230	116,021	2,490,858	(91,190)	(1,737,047)	(2,582,666)	(863,005)	191,011	(233,068)	20,408,402

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

33. DEFERRED TAX *(continued)*

Deferred tax liabilities/(assets) *(continued)*

The following is an analysis of the deferred tax balances for financial reporting purpose:

	2024 RMB'000	2023 RMB'000
Net deferred tax assets	**(7,324,894)**	(7,513,453)
Net deferred tax liabilities	**27,733,296**	27,335,578
	20,408,402	19,822,125

Under the CIT Law of PRC, withholding income tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB13,942,636,000 (2023: RMB12,845,110,000) has not been provided for in the consolidated financial statements as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

At the end of the reporting period, the Group had unused tax losses of RMB12,720,198,000 (2023: RMB8,102,786,000) available for offsetting against future profits, of which RMB6,974,882,000 (2023: RMB2,951,469,000) tax losses have been recognised as deferred tax assets. No deferred tax asset has been recognised on the remaining tax losses of RMB5,745,316,000 (2023: RMB5,151,317,000) in respect of such tax losses due to the unpredictability of future profit streams. Included in the unused tax losses are losses of RMB8,366,776,000 (2023: RMB4,408,145,000) that will expire within five years from the end of the reporting period. Other tax losses may be carried forward indefinitely.

34. GOODWILL

	2024 RMB'000	2023 RMB'000
Carrying amounts	**56,395**	56,395

The amount represented goodwill arising from acquisition of the entire equity interest in Hua Yi Designing Consultants Limited ("Hua Yi"). Hua Yi and its subsidiary are principally engaged in the provision of construction and building design consultancy services. For the purpose of impairment testing, the attributable amount of goodwill, having indefinite useful lives, has been allocated to the other operations category in the reportable segment.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

35. LEASES

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2024 RMB'000	2023 RMB'000
Investment properties	**776,000**	802,000
Property, plant and equipment		
Leasehold land and buildings	**1,934,927**	1,347,901
Prepaid lease payments for land	**406,541**	420,913
Other right-of-use assets	**183,469**	231,890
	3,300,937	2,802,704
Lease Liabilities		
Current	**117,756**	94,230
Non-current	**865,453**	960,434
	983,209	1,054,664

Additions to right-of-use assets during the year ended 31 December 2024 are RMB408,000 (2023: RMB836,000).

(ii) Amounts recognised in the consolidated income statement

The following amounts relating to leases were recognised in the consolidated income statement:

	2024 RMB'000	2023 RMB'000
Depreciation of right-of-use assets	**134,696**	160,688
Expenses related to short-term leases	**73,206**	94,532
Interest expenses (included in finance costs)	**36,698**	39,471
	244,600	294,691

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

35. LEASES *(continued)*

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices and warehouses. Lease agreements are typically made for fixed periods of 1 year to 20 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. On renewal, the terms of the leases are renegotiated. 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.

The total cash outflow included in the consolidated statement of cash flows within operating activities and financing activities for leases are RMB73,206,000 (2023: RMB94,532,000) and RMB109,827,000 (2023: RMB110,758,000), respectively.

Further information about the leasing activities and future minimum lease receivables are disclosed in notes 16, 17 and 36, respectively.

36. OPERATING LEASE ARRANGEMENTS

The Group as Lessor

At the end of the reporting period, completed investment properties and other properties with carrying amounts of RMB185,224,049,000 (2023: RMB173,054,568,000) and RMB1,985,428,000 (2023: RMB1,684,717,000), respectively, were let out under operating leases.

Property rental income earned during the year was RMB6,099,759,000 (2023: RMB5,298,314,000), of which RMB5,938,589,000 (2023: RMB5,184,671,000) was derived from the letting of investment properties. All of the properties leased out have committed operating lease terms ranging from 1 to 20 years (2023: 1 to 20 years).

At the end of the reporting period, the Group had contracted with tenants for the following undiscounted future minimum lease receivables:

	2024 RMB'000	2023 RMB'000
Within one year	**4,289,631**	4,388,235
After one but within two years	**3,005,522**	3,187,735
After two but within three years	**1,961,920**	2,152,669
After three but within four years	**1,160,639**	1,225,827
After four but within five years	**773,405**	799,686
After five years	**1,689,883**	1,743,821
	12,881,000	13,497,973

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

37. ACQUISITION OF A SUBSIDIARY

For the year ended 31 December 2023, according to the sales and purchase agreements dated 18 December 2023, which were entered into between the Group and one of the other shareholders of Suzhou Feifan City Property Co., Ltd.* (蘇州非凡城市置業有限公司) ("Suzhou Feifan"), the associate of the Group before the completion of this transaction, the Group acquired 17% of the equity interest in Suzhou Feifan and the corresponding shareholder loan from a shareholder at a total consideration of RMB50,540,000. The acquisition was completed on 21 December 2023. Accordingly, the Group increased its equity interest in Suzhou Feifan from 33% to 50% and it became a subsidiary of the Group since the Group has control over relevant activities of Suzhou Feifan via the board of directors. As a result, the Group recognised a remeasurement gain on pre-existing interest in an associate upon acquisition of RMB141,254,000 and a gain on bargain purchase of subsidiaries of RMB89,068,000 during the year ended 31 December 2023.

The above acquisitions had the following effect on the Group's assets and liabilities:

	2023 RMB'000
Deferred tax assets	160,230
Stock of properties	1,394,159
Trade and other receivables	31,547
Deposits and prepayments	2,621
Bank balance and cash	70,024
Trade and other payables	(105,361)
Pre-sales proceeds	(76,875)
Amounts due to non-controlling shareholders	(123,649)
Tax liabilities	(398,057)
Deferred tax liabilities	(338,671)
Net assets	615,968
Interests in associates	(48,142)
Non-controlling interest	(286,964)
Re-measurement gains on pre-existing interest in an associate upon acquisition *(note 9)*	(141,254)
Gains on bargain purchase of a subsidiary *(note 9)*	(89,068)
Total consideration	50,540
Representing:	
Cash consideration paid during the year	50,540
Analysis of net cash inflow in respect of the acquisition of subsidiaries:	
Cash consideration paid during the year	(50,540)
Cash and cash equivalents acquired	70,024
	19,484

The subsidiaries acquired had no significant contribution to the Group's revenue and profit for the year ended 31 December 2023.

* *English translation for identification purpose only.*

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

38. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments not provided for in the consolidated financial statements:

	2024 RMB'000	2023 RMB'000
Capital expenditure in respect of investment properties:		
Contracted but not provided for	**6,574,067**	7,584,953

39. FINANCIAL GUARANTEES

At the end of the reporting period, the financial guarantees were as follows:

(a) Guarantees given by the Group to banks in respect of credit facilities granted to:

	2024 RMB'000	2023 RMB'000
Associates		
– Maximum	**31,145**	468,123
– Utilised	**31,145**	138,273
Joint ventures		
– Maximum	**11,616,339**	11,502,050
– Utilised	**10,695,801**	10,010,947
Other entity classified as financial asset at fair value through profit or loss		
– Maximum	**322,000**	322,000
– Utilised	**264,737**	248,915

(b) At 31 December 2024, the Group had counter indemnities amounting to RMB1,716,493,000 (2023: RMB1,541,137,000) for guarantees issued in respect of certain construction contracts undertaken by the Group.

(c) At 31 December 2024, the Group provided guarantees amounting to RMB45,042,822,000 (2023: RMB63,315,413,000) for the repayment of the mortgage loans granted to purchasers of the Group's properties.

The directors of the Company considered that the fair values of financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant on the basis of short maturity periods and low applicable default rates.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

40. PLEDGE OF ASSETS

At the end of the reporting period, certain assets of the Group have been pledged to secure the bank borrowings and guaranteed notes and corporate bonds. The carrying values of the pledged assets at 31 December 2024 and 2023 were as follows:

	2024 RMB'000	2023 RMB'000
Investment properties and property, plant and equipment	100,847,606	65,947,369
Stock of properties	37,813,991	32,940,312
	138,661,597	98,887,681

41. RELATED PARTY TRANSACTIONS

(a) 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:

Nature of transaction	Notes	2024 RMB'000	2023 RMB'000
Fellow subsidiaries[#]			
Property development project construction fee	(a)	3,968,722	3,482,283
Rental and utility income	(b)	313,838	225,775
Heating pipes connection service fee	(a)	–	11,638
Building design consultancy income	(c)	7,387	8,025
Property management and value-added services fee	(c)	1,196,059	1,209,867
Material procurement and supply chain management services income	(c)	631,803	658,055
Interest expenses	(g)	7,211	4,098
Interest income	(h)	240	412
Sales of properties	(f)	–	5,745
Sales of investment properties	(i)	43,362	–
Asset-light management service income	(c)	11,422	–
Associates			
Interest income	(d)	3,416	60,514
Royalty income	(e)	183,000	178,800
Lease payments	(b)	17,000	56,591
Building design consultancy income	(c)	2,816	1,162
Material procurement service income	(c)	777,765	1,048,633
Information technology service income	(c)	7,600	8,400
Joint ventures			
Interest income	(d)	124,010	202,350
Interest expenses	(g)	11,646	12,638

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

41. RELATED PARTY TRANSACTIONS *(continued)*

(a) *(continued)*

Notes:

(a) Property development project construction and heating pipes connection service fee are charged in accordance with respective contracts. The amounts represent aggregate transaction amounts during the year in relation to contracts signed in the current and prior years.

(b) Rental and utility income and lease payments are charged in accordance with respective tenancy agreements.

(c) Building design consultancy income, property management and value-added services fee, material procurement and supply chain management services income, asset-light management service income, material procurement service income and information technology service income are charged in accordance with respective contracts.

(d) Interest income is charged at interest rates as specified in notes 19 and 24 on the outstanding amounts.

(e) Royalty income is charged at annual fee as specified in the contracts.

(f) The Group entered into various sale and purchase agreements with certain subsidiaries of China Overseas Property Holdings Limited, a fellow subsidiary of the Company, for the disposal of car parking spaces in the Chinese mainland.

(g) Interest expenses is charged at interest rates as specified in note 28 and 31 on the outstanding amounts.

(h) Interest income is charged at interest rates as specified in note 25 on the deposits placed in CSCFL.

(i) The consideration of the sales of investment properties are charged in accordance with respective sale and purchase agreement.

These related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) The remuneration of the Company's directors and other members of key management of the Group during the year was as follows:

	2024 RMB'000	2023 RMB'000
Basic salaries, allowances and benefits-in-kind	**26,838**	29,396
Performance related bonus	**13,955**	31,082
Provident fund contribution	**1,309**	1,364
	42,102	61,842

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

41. RELATED PARTY TRANSACTIONS *(continued)*

(c) Transactions with Other State-Controlled Entities in the PRC

The Group operates in an economic environment predominated by entities directly or indirectly owned or controlled by the PRC government. In addition, the Group is itself part of a larger group of companies under CSCEC which is controlled by the PRC government. Apart from the transactions already disclosed above, the Group also conducts business with other state-controlled entities ("State-controlled Entities"). The directors of the Company consider that those State-controlled Entities are independent third parties so far as the Group's businesses with them are concerned.

In connection with their property development activities, the Group awarded certain construction and other work contracts to entities, 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 which include the acquisition of land mainly through tendering to those government departments or agencies.

Other than those disclosed in section (a) above and the acquisition of land from the government departments or agencies, the directors of the Company consider that the other transactions with those State-controlled Entities are not material to the Group.

In addition, in the normal course of business, the Group has maintained various trade balances with contractors and have entered into various deposits and lending transactions with banks and financial institutions which are State-controlled Entities. In view of the nature of those transactions, the directors of the Company are of the opinion that quantitative information on the extent of transactions between the Group and the government-related entities would not be meaningful.

The Group is active in the sale and leasing of properties and other services in various provinces in the PRC. The directors of the Company 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 of the Company are of the opinion that other than those disclosed in section (a) above, the transactions with State-controlled Entities are not material to the Group's operations.

In addition to the above transactions, details of the Group's amounts due from and to related parties are disclosed in the consolidated statement of financial position and notes 18, 19, 24, 25, 28, 29 and 31.

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		2024 RMB'000	2023 RMB'000
Non-current Assets			
Property, plant and equipment		44,794	61,726
Investments in subsidiaries		2,940,336	2,474,719
		2,985,130	2,536,445
Current Assets			
Stock of properties		60	58
Other receivables		4,274	9,239
Deposits and prepayments		11,313	21,173
Amounts due from subsidiaries		156,124,193	167,896,274
Amounts due from associates		420	418
Amounts due from joint ventures		4,705	4,594
Bank balances and cash		3,490,389	2,800,765
		159,635,354	170,732,521
Current Liabilities			
Other payables		175,471	156,513
Amounts due to subsidiaries		20,143,042	25,709,547
Lease liabilities – due within one year		18,692	17,614
Tax liabilities		4,063	3,967
Bank borrowings – due within one year		3,693,188	5,307,994
Other financial liabilities		357,255	182,983
		24,391,711	31,378,618
Net Current Assets		135,243,643	139,353,903
Total Assets Less Current Liabilities		138,228,773	141,890,348
Capital and Reserves			
Share capital		74,035,443	74,035,443
Reserves	*Note (a)*	12,083,205	15,746,899
Total Equity		86,118,648	89,782,342
Non-current Liabilities			
Lease liabilities – due after one year		28,235	45,817
Bank borrowings – due after one year		51,666,881	51,843,745
Other financial liabilities		415,009	218,444
		52,110,125	52,108,006
Total of Equity and Non-Current Liabilities		138,228,773	141,890,348

The statement of financial position of the Company was approved by the Board of Directors on 31 March 2025 and was signed on its behalf by:

Yan Jianguo
Executive Director

Zhang Zhichao
Executive Director

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

(a) Reserves of the Company

	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2023	322,348	13,283,494	13,605,842
Profit and total comprehensive income for the year	–	9,706,708	9,706,708
2022 final dividend	–	(3,983,938)	(3,983,938)
2023 interim dividend	–	(3,581,713)	(3,581,713)
At 31 December 2023 and 1 January 2024	**322,348**	**15,424,551**	**15,746,899**
Profit and total comprehensive income for the year	**–**	**3,834,427**	**3,834,427**
2023 final dividend	**–**	**(4,536,107)**	**(4,536,107)**
2024 interim dividend	**–**	**(2,962,014)**	**(2,962,014)**
Release of share option reserve upon the related options lapsed	**(322,348)**	**322,348**	**–**
At 31 December 2024	**–**	**12,083,205**	**12,083,205**

The Company's reserve available for distribution to shareholders at 31 December 2024 represents the retained profits of RMB12,083,205,000 (2023: RMB15,424,551,000).

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following are the particulars of the principal subsidiaries at 31 December 2024 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. All subsidiaries registered in the PRC are operating in the PRC. Unless otherwise specified, all other subsidiaries are incorporated and operating principally in Hong Kong.

Name of entity	Paid up issued/registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company		Principal activities
		Directly (%)	Indirectly (%)	
Carmelite Riverside London S.à r.l. [iv]	15,000 shares of GBP1 each	–	100	Commercial property operations
China Overseas Finance (Cayman) III Limited [iii]	1 share of US$1	100	–	Issuance of guaranteed notes
China Overseas Finance (Cayman) V Limited [iii]	1 share of US$1	100	–	Issuance of guaranteed notes
China Overseas Finance (Cayman) VI Limited [iii]	1 share of US$1	100	–	Issuance of guaranteed notes
China Overseas Finance (Cayman) VII Limited [iii]	1 share of US$1	100	–	Issuance of guaranteed notes
China Overseas Finance (Cayman) VIII Limited [iii]	1 share of US$1	100	–	Issuance of guaranteed notes
China Overseas Property Limited	100 shares HK$1,000	100	–	Investment holding, property consultancy and real estate agency
China Overseas Project Development Limited	500,000 shares HK$5,000,000	100	–	Loan financing, investment holding and security investments
China Overseas (Zhong Guo) Limited	5,000,000 shares HK$50,000,000	–	100	Investment holding
Great Fortune Property Limited [v]	48,100,000 shares of GBP1 each	–	100	Commercial property operations

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of entity	Paid up issued/registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company		Principal activities
		Directly (%)	Indirectly (%)	
Macfull Limited	1,250 shares HK$1,250	–	80	Property development
One Finsbury Circus London Propco S.à r.l. [iv]	12,024 shares of GBP1 each	–	100	Commercial property operations
天威投資置業有限公司[vi]	2 shares MOP25,000	–	100	Commercial property operations
上海中建投資有限公司[ii]	RMB450,000,000	–	51	Commercial property operations
上海中海海昆房地產有限公司[ii]	RMB10,000,000	–	100	Property development and commercial property operations
上海中海海華房地產有限公司[ii]	RMB10,000,000	–	98	Property development
上海金海伊上房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development and commercial property operations
上海海升環盛房地產開發有限公司[ii]	RMB10,000,000	–	70	Property development and commercial property operations
上海海匯房地產開發有限公司[ii]	RMB3,676,840,000	–	70	Commercial property operations
上海新遼原企業發展有限公司[ii]	RMB10,000,000	–	80	Property development and commercial property operations
上海寰宇匯商業管理有限公司[i]	US$196,000,000	–	100	Commercial property operations
上海海尚西岸城市建設發展有限公司[ii]	RMB7,850,000,000	–	85	Property development
上海海盛西岸城市建設發展有限公司[ii]	RMB6,480,000,000	–	85	Property development and commercial property operations
上海海璟房地產有限公司[ii]	RMB10,000,000	–	100	Property development
上海佳樺房地產開發有限公司[ii]	RMB260,000,000	–	70	Commercial property operations
大連中海海港投資有限公司[ii]	RMB300,000,000	–	80	Property development
大連鼎泰海通房地產有限公司[ii]	RMB420,000,000	–	100	Property development
中海地產(蘇州)有限公司[i]	RMB20,000,000	–	100	Property development
中海海通(蘇州)房地產有限公司[ii]	RMB500,000,000	–	100	Property development and commercial property operations
中海海隆商業管理(蘇州)有限公司[ii]	RMB20,000,000	–	100	Commercial property operations
無錫海隆房地產有限公司[ii]	RMB20,000,000	–	100	Property development
蘇州澤安商業發展有限公司[i]	RMB20,000,000	–	100	Commercial property operations
蘇州海卓房地產有限公司[ii]	RMB20,000,000	–	100	Property development
蘇州非凡城市置業有限公司[ii]	RMB50,000,000	–	50	Property development
蘇州海嘉房地產有限公司[ii]	RMB20,000,000	–	100	Property development
蘇州恒至嘉房地產開發有限公司[ii]	RMB500,000,000	–	51	Property development
台州中海海融房地產有限公司[ii]	RMB420,000,000	–	100	Property development
寧波中海海和房地產有限公司[ii]	RMB20,000,000	–	100	Property development
寧波中海海潤置業有限公司[ii]	RMB20,000,000	–	100	Property development and commercial property operations
寧波中海海如房地產有限公司[ii]	RMB20,000,000	–	100	Property development
寧波海聯房地產有限公司[ii]	RMB320,000,000	–	100	Property development
寧波海合房地產有限公司[ii]	RMB20,000,000	–	100	Property development
佛山中海千燈湖房地產開發有限公司[ii]	RMB2,020,000,000	–	100	Property development
佛山市中海環宇城商業管理有限公司[ii]	RMB20,000,000	–	100	Commercial property operations
佛山市順德中海嘉森房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development and commercial property operations
佛山海映商業管理有限公司[ii]	RMB534,000,000	–	100	Commercial property operations
杭州海睿房地產有限公司[ii]	RMB30,000,000	–	100	Property development
杭州中海海碩房地產有限公司[ii]	RMB30,000,000	–	100	Property development

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of entity	Paid up issued/registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company		Principal activities
		Directly (%)	Indirectly (%)	
長沙潤江置業有限公司[ii]	RMB30,000,000	–	100	Property development
長沙潤湘置業開發有限公司[ii]	RMB30,000,000	–	100	Property development
湖南省中海城市廣場投資有限公司[ii]	RMB100,000,000	–	100	Commercial property operations
湖南省中海控股有限公司[ii]	RMB100,000,000	–	100	Property development
長沙潤嶽置業有限公司[ii]	RMB30,000,000	–	100	Property development
長春海勝房地產開發有限公司[ii]	RMB50,000,000	–	100	Property development
長春海頤房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development
長春海瀛房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development
重慶中海海能房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development
重慶信悅置業有限公司[ii]	RMB20,000,000	–	100	Property development
重慶信揚置業有限公司[ii]	RMB20,000,000	–	100	Property development
重慶海躍置業有限公司[i]	RMB2,395,404,280	–	100	Property development
重慶嘉江房地產開發有限公司[i]	US$5,000,000	–	60	Property development
重慶中海海繪房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development
重慶中海海耀房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development
珠海市中海永福通商業管理有限公司[ii]	RMB20,000,000	–	100	Commercial property operations
珠海市海悅房地產開發有限公司[ii]	RMB200,000,000	–	80	Property development
廣逸房地產開發(珠海)有限公司[i]	HK$100,000,000	–	100	Commercial property operations
武漢中海海盛房地產有限公司[ii]	RMB20,000,000	–	100	Property development
武漢中海鼎盛房地產有限公司[ii]	RMB20,000,000	–	100	Property development and commercial property operations
武漢海訊產城企業管理有限公司[ii]	RMB10,000,000	–	99	Property development
武漢中海海融房地產有限公司[ii]	RMB20,000,000	–	100	Property development
中海企業發展集團有限公司[i]	RMB20,000,000,000	–	100	Property development, commercial property operations, and investment holding
中海深圳房地產開發有限公司[ii]	RMB2,210,000,000	–	100	Property development
深圳市中海啟明房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
深圳市海嘉房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development and commercial property operations
深圳市豐明房地產開發有限公司[ii]	RMB3,192,000,000	–	80	Property development
深圳市啟潮房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development and commercial property operations
深圳市潤海發展房地產有限公司[ii]	RMB19,300,000,000	–	50	Property development
深圳市海澤房地產開發有限公司[ii]	RMB100,000,000	–	80	Property development
深圳市海奕房地產開發有限公司[ii]	RMB100,000,000	–	51	Property development
廈門中海嘉業地產有限公司[ii]	RMB2,010,000,000	–	100	Property development
廈門中海海泰地產有限公司[ii]	RMB10,000,000	–	100	Property development
昆明海祥房地產開發有限公司[ii]	RMB100,000,000	–	100	Property development and commercial property operations
昆明海豪房地產開發有限公司[ii]	RMB1,500,000,000	–	60	Property development
昆明海潮房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development
廣州中海盛合房地產開發有限公司[ii]	RMB410,000,000	–	100	Property development
廣州中海盛安房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
廣州中海盛榮房地產開發有限公司[ii]	RMB2,830,000,000	–	100	Property development

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of entity	Paid up issued/registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company		Principal activities
		Directly (%)	Indirectly (%)	
廣州利合房地產開發有限公司[ii]	RMB2,059,376,984	–	100	Property development and commercial property operations
廣州盛雲房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
廣州粵合房地產開發有限公司[ii]	RMB2,000,000,000	–	50	Property development
廣州中海海志房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
廣州啟瑞房地產開發有限公司[ii]	RMB3,000,000,000	–	90	Property development
濟南中海城房地產開發有限公司[ii]	RMB30,000,000	–	100	Property development
濟南中海海瀛投資有限公司[ii]	RMB325,000,000	–	65	Property development
濟南中海華山商業地產有限公司[i]	RMB500,000,000	–	100	Property development and commercial property operations
濟南寰宇商業運營管理有限公司[i]	RMB35,000,000	–	100	Commercial property operations
濟南中海豪峰房地產開發有限公司[ii]	RMB31,000,000	–	100	Property development
太原中海仲興房地產開發有限公司[ii]	RMB50,000,000	–	100	Property development
太原中海凱源房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
太原中海景昌房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
太原冠澤置業有限公司[ii]	RMB200,000,000	–	100	Commercial property operations
石家莊中海新石房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
石家莊中海海盈房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
北京中信房地產有限公司[ii]	RMB50,000,000	–	100	Property development and commercial property operations
北京中海地產有限公司[ii]	RMB50,000,000	–	100	Property development and commercial property operations
北京中海金石房地產開發有限公司[ii]	RMB10,000,000	–	100	Commercial property operations
北京中海盈盛房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
北京中海盈璟房地產開發有限公司[ii]	RMB10,000,000	–	70	Property development
北京中海盈豐房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
北京中海廣場商業發展有限公司[ii]	RMB30,000,000	–	100	Commercial property operations
北京中海興良房地產開發有限公司[ii]	RMB210,000,000	–	100	Property development and commercial property operations
北京中海鑫海房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development and commercial property operations
北京仁和燕都房地產開發有限公司[ii]	RMB40,000,000	–	100	Commercial property operations
北京安泰興業置業有限公司[ii]	RMB10,000,000	–	100	Property development and commercial property operations
北京金鑫興業房地產開發有限公司[ii]	RMB50,000,000	–	60	Property development
北京海望商業發展有限公司[ii]	RMB1,000,000	–	100	Commercial property operations
北京奧城四季商業發展有限公司[ii]	RMB830,000,000	–	100	Commercial property operations
北京鑫安興業房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development and commercial property operations
北京鑫景通達商業發展有限公司[ii]	RMB210,000,000	–	100	Commercial property operations
北京海鑫興業房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
北京中海盈通房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
北京中海盈智房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development and commercial property operations
北京虹豐置業有限公司[ii]	RMB4,300,000,000	–	95	Property development
北京中信新城房地產有限公司[ii]	RMB500,000,000	–	80	Property development

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of entity	Paid up issued/registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company		Principal activities
		Directly (%)	Indirectly (%)	
北京中海未來置業有限公司[ii]	RMB2,600,000,000	–	80	Property development
星旅(北京)房地產開發有限公司[ii]	RMB3,000,000,000	–	70	Property development
北京新鑫興業房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
中海地產(青島)投資開發有限公司[i]	US$69,800,000	–	100	Commercial property operations
青島中海海泰置業有限公司[i]	RMB363,636,364	–	100	Property development
青島海慧廣逸房地產有限公司[ii]	RMB19,607,843	–	51	Property development
中海佳隆成都房地產開發有限公司[ii]	RMB50,000,000	–	100	Property development and commercial property operations
中海振興(成都)物業發展有限公司[i]	US$89,800,000	–	100	Property development and commercial property operations
成都海贏房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
東莞市中海嘉朗房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
東莞市中海嘉麟房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
福州中海地產有限公司[ii]	RMB30,000,000	–	100	Property development and hotel operations
福州中海海逸地產有限公司[ii]	RMB3,008,000,000	–	100	Property development
福州海富地產有限公司[ii]	RMB1,510,000,000	–	100	Property development
南京海方房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development and commercial property operations
南京海匯房地產開發有限公司[ii]	RMB20,000,000	–	100	Commercial property operations
南京海嘉房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development
南京海潤房地產開發有限公司[i]	US$50,000,000	–	100	Commercial property operations
南京海巍房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development and commercial property operations
南京中海地產有限公司[ii]	RMB10,000,000	–	100	Property development
南京領潮房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
中海地產(瀋陽)有限公司[i]	US$199,600,000	–	100	Property development and commercial property operations
瀋陽中海海悅房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development
瀋陽中海海順房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development
瀋陽中海海嘉房地產開發有限公司[ii]	RMB470,000,000	–	100	Property development
瀋陽中海鼎業房地產開發有限公司[i]	US$5,000,000	–	100	Property development and commercial property operations
瀋陽中海福華房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development
瀋陽中海興業房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development and commercial property operations
鄭州中海地產有限公司[ii]	RMB20,000,000	–	100	Property development
鄭州海勝房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development
中海保利達地產(天津)有限公司[i]	US$49,500,000	–	51	Property development and commercial property operations
天津中海天嘉湖房地產開發有限公司[ii]	RMB4,000,000,000	–	100	Property development
天津中海商業管理有限公司[ii]	RMB30,000,000	–	100	Commercial property operations
天津中海海佑地產有限公司[ii]	RMB330,000,000	–	100	Property development and commercial property operations
天津中海海和地產有限公司[ii]	RMB30,000,000	–	100	Property development and commercial property operations

Notes to the Financial Statements (continued)

For the year ended 31 December 2024

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of entity	Paid up issued/registered ordinary capital	Proportion of nominal value of issued/registered ordinary capital held by the Company		Principal activities
		Directly (%)	Indirectly (%)	
天津中海海盛地產有限公司[i]	RMB840,000,000	–	100	Property development and commercial property operations
天津中海地產開發有限公司[ii]	RMB30,000,000	–	100	Property development
天津中海海拓地產有限公司[ii]	RMB30,000,000	–	100	Property development
天津中海海耀地產有限公司[ii]	RMB30,000,000	–	100	Property development
天津中海海佳地產有限公司[ii]	RMB780,000,000	–	100	Property development
貴陽中海房地產有限公司[ii]	RMB20,000,000	–	100	Property development
萬寧仁和發展有限公司[i]	US$206,200,000	–	99.9	Property development and hotel operations
萬寧金信發展有限公司[i]	US$53,200,000	–	99.9	Hotel operations
中海鼎業(萬寧)房地產有限公司[i]	US$86,000,000	–	99.9	Property development
海口鴻洲濱海建設有限公司[ii]	RMB100,000,000	–	100	Commercial property operations
海口中海興業房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
肇慶中海嘉興房地產開發有限公司[ii]	RMB2,170,000,000	–	100	Property development
西安中海海新房地產有限公司[ii]	RMB1,626,000,000	–	70	Property development
西安中海海潤房地產有限公司[ii]	RMB10,000,000	–	100	Property development

Notes:

(i) Foreign investment enterprise registered in the PRC

(ii) Limited liability company registered in the PRC

(iii) Incorporated in the Cayman Islands and operating in Hong Kong

(iv) Incorporated and operating in Luxembourg

(v) Incorporated and operating in Jersey

(vi) Incorporated and operating in Macau

None of the subsidiaries had any debt securities in issue at the end of the year except for guaranteed notes and corporate bonds (note 32) issued by China Overseas Finance (Cayman) III Limited (US$500,000,000), China Overseas Finance (Cayman) V Limited (US$300,000,000), China Overseas Finance (Cayman) VI Limited (US$500,000,000), China Overseas Finance (Cayman) VII Limited (US$750,000,000), China Overseas Finance (Cayman) VIII Limited (US$1,742,050,000 and RMB3,190,000,000) and 中海企業發展集團有限公司 (RMB44,900,000,000).

Independent Auditor's Report

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To the members of China Overseas Land & Investment Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Overseas Land & Investment Limited (the "Company") and its subsidiaries (the "Group") set out on pages 127 to 224, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the "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 are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

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

Independent Auditor's Report (continued)

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter

Valuation of investment properties

The carrying amount of the investment properties of the Group amounted to approximately RMB205,836 million as at 31 December 2025.

Management engaged independent professional valuers to perform the valuation of the Group's investment properties, as further detailed as follows:

- in respect of completed investment properties, the valuation was arrived at using the investment approach by considering the capitalised income derived from existing tenancies and reversionary potential, including reversionary yields and prevailing market rents of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

- in respect of investment properties under construction, the valuation was arrived at using the residual method by making reference to estimated selling prices as available in the relevant market, and taking into account of estimated costs to complete the development and estimated developer's profit as at the date of valuation.

The significance of the carrying amount of the investment properties to the consolidated financial statements and the significant judgements and estimates involved in the property valuations warrant specific audit focus.

Related disclosures are included in notes 3, 4(a) and 15 to the consolidated financial statements.

Our procedures in relation to the valuation of investment properties included:

- assessing the competence, independence and objectivity of the valuers; and

- assessing, with the assistance of our internal valuation specialists, the methodologies used by the valuers and, on a sample basis, the appropriateness of the key assumptions, including reversionary yields, prevailing market rents and estimated selling prices with reference to comparable market transactions for similar properties, and testing, on a sample basis, the data used in the valuation of properties, including the rental rates from existing tenancies and estimated cost to complete.

Independent Auditor's Report (continued)

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Net realisable value of stock of properties	
The Group's stock of properties amounted to approximately RMB490,841 million as at 31 December 2025, representing 54% of the total assets of the Group, and the Group recorded a provision of RMB1,290 million in the consolidated income statement for the year then ended to write down certain of these properties to their estimated net realisable values. Significant management estimation was required in assessing the net realisable values of the stock of properties, including, inter alia, estimated future sales based on current market conditions and, in respect of properties under development, estimated costs to incur to complete the property development. Owing to the significance of these properties and the significant estimations involved in determining the net realisable values, we considered assessing the net realisable values of the stock of properties as a key audit matter. Related disclosures are included in notes 3, 4(c), 6 and 19 to the consolidated financial statements.	Our audit procedures included observing the physical condition of properties, on a sample basis. We obtained an understanding of the sources of data used by the Group for net realisable value estimations and tested the data used on a sample basis. In particular, (i) in respect of future sales estimation, we checked, on a sample basis, the contracted selling prices of the property projects selected and/or recent market prices of properties with comparable locations and conditions; and (ii) in respect of costs to incur to complete the property development, we assessed the reasonableness of the latest construction cost budgets and tested, on a sample basis, the incurred construction costs to supporting evidence.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

Independent Auditor's Report (continued)



RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 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.

Independent Auditor's Report (continued)

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

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

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

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

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

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

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

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

We communicate with the Audit and Risk Management 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 and Risk Management 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.

Independent Auditor's Report (continued)

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

From the matters communicated with the Audit and Risk Management 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 Cheng Man (practising certificate number: P05069).

Ernst & Young
Certified Public Accountants
Hong Kong
31 March 2026

Consolidated Income Statement

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	5	**168,088,765**	185,154,027
Cost of sales		**(142,024,310)**	(152,389,366)
		26,064,455	32,764,661
Other income, gains and losses, net	6	**1,285,559**	325,508
Changes in fair value of investment properties, net	15	**271,735**	417,316
Selling and distribution expenses		**(4,689,667)**	(4,520,411)
Administrative expenses		**(2,117,314)**	(2,293,076)
Operating profit		**20,814,768**	26,693,998
Share of profits and losses of associates and joint ventures		**521,842**	649,049
Finance costs	7	**(727,597)**	(935,133)
Profit before tax		**20,609,013**	26,407,914
Income tax expense	8	**(7,177,544)**	(8,620,685)
Profit for the year	9	**13,431,469**	17,787,229
Attributable to:			
Shareholders of the Company		**12,691,186**	15,635,658
Non-controlling interests		**740,283**	2,151,571
		13,431,469	17,787,229
		RMB	RMB
Earnings per share attributable to shareholders of the Company	12		
Basic and diluted		**1.16**	1.43

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
Profit for the year	**13,431,469**	17,787,229
Other comprehensive income/(loss) for the year		
Items that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the financial statements of subsidiaries	**80,944**	(557,066)
Exchange differences on translation of the financial statements of associates	**51,298**	(244,062)
	132,242	(801,128)
Total comprehensive income for the year	**13,563,711**	16,986,101
Attributable to:		
Shareholders of the Company	**12,821,608**	14,819,436
Non-controlling interests	**742,103**	2,166,665
	13,563,711	16,986,101

Consolidated Statement of Financial Position

At 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current Assets			
Property, plant and equipment	*14*	**7,138,182**	7,300,730
Investment properties	*15*	**205,836,298**	208,399,049
Goodwill		**56,395**	56,395
Interests in associates	*17*	**21,452,391**	22,066,963
Interests in joint ventures	*18*	**27,936,775**	23,830,115
Financial assets at fair value through profit or loss		**236,327**	288,382
Other receivables		**147,024**	183,898
Deferred tax assets	*28*	**7,269,960**	7,324,894
Total non-current assets		**270,073,352**	269,450,426
Current Assets			
Stock of properties and other inventories	*19*	**490,999,739**	454,274,446
Land development expenditure	*20*	**4,472,593**	5,961,031
Contract assets		**109,074**	547,451
Trade and other receivables	*21*	**4,064,547**	3,406,070
Deposits and prepayments		**11,758,078**	15,611,399
Deposits for acquisition of land use rights for property development		**–**	731,860
Amounts due from associates	*22*	**1,068,844**	1,060,527
Amounts due from joint ventures	*22*	**5,167,858**	6,202,514
Amounts due from non-controlling shareholders	*22*	**4,660,276**	4,151,856
Income tax prepaid		**19,695,467**	20,523,344
Bank balances and cash	*23*	**103,627,513**	124,168,228
Non-current assets held for sale	*15*	**–**	2,545,229
Total current assets		**645,623,989**	639,183,955
Total Assets		**915,697,341**	908,634,381
Non-current Liabilities			
Bank loans	*24*	**142,193,678**	149,523,384
Guaranteed notes and corporate bonds	*25*	**62,865,628**	63,450,630
Lease liabilities	*16*	**237,781**	865,453
Deferred tax liabilities	*28*	**27,911,826**	27,733,296
Total non-current liabilities		**233,208,913**	241,572,763

Consolidated Statement of Financial Position (continued)

At 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Current Liabilities			
Trade and other payables	*26*	**52,191,364**	55,600,731
Pre-sales proceeds	*27*	**125,033,296**	132,542,750
Amounts due to fellow subsidiaries	*22*	**1,316,327**	1,475,199
Amounts due to associates	*22*	**3,481,226**	5,486,399
Amounts due to joint ventures	*22*	**3,849,615**	3,838,405
Amounts due to non-controlling shareholders	*22*	**13,149,337**	13,717,430
Bank loans	*24*	**30,726,935**	16,633,612
Guaranteed notes and corporate bonds	*25*	**11,589,193**	11,956,352
Lease liabilities	*16*	**93,170**	117,756
Income tax liabilities		**21,158,803**	23,862,986
Total current liabilities		**262,589,266**	265,231,620
Total Liabilities		**495,798,179**	506,804,383
Net Assets		**419,899,162**	401,829,998
Equity			
Equity attributable to shareholders of the Company:			
Share capital	*29*	**74,035,443**	74,035,443
Reserves		**313,912,343**	306,575,534
		387,947,786	380,610,977
Non-controlling interests		**31,951,376**	21,219,021
Total Equity		**419,899,162**	401,829,998

Yan Jianguo
Executive Director

Zhang Zhichao
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to shareholders of the Company								
	Share capital RMB'000	Property revaluation reserve RMB'000 *(Note (a))*	Exchange fluctuation reserve RMB'000	Merger and other reserves RMB'000 *(Note (b))*	PRC statutory reserve RMB'000 *(Note (c))*	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	74,035,443	284,461	(1,314,167)	(11,922,232)	11,952,116	299,982,207	373,017,828	19,893,880	392,911,708
Profit for the year	–	–	–	–	–	15,635,658	15,635,658	2,151,571	17,787,229
Exchange differences on translation of the financial statements of subsidiaries	–	–	(572,160)	–	–	–	(572,160)	15,094	(557,066)
Exchange differences on translation of the financial statements of associates	–	–	(244,062)	–	–	–	(244,062)	–	(244,062)
Total comprehensive income/ (loss) for the year	–	–	(816,222)	–	–	15,635,658	14,819,436	2,166,665	16,986,101
2023 final dividend	–	–	–	–	–	(4,536,107)	(4,536,107)	–	(4,536,107)
2024 interim dividend	–	–	–	–	–	(2,962,014)	(2,962,014)	–	(2,962,014)
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	2,964,146	2,964,146
Return of capital to non-controlling shareholders	–	–	–	–	–	–	–	(2,630,128)	(2,630,128)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	(713,612)	(713,612)
Transfer to PRC statutory reserve	–	–	–	–	104,913	(104,913)	–	–	–
Acquisition of additional interests in subsidiaries	–	–	–	–	–	187,630	187,630	(461,930)	(274,300)
Transfer of share option reserve when the related options lapsed *(Note 29)*	–	–	–	(322,348)	–	322,348	–	–	–
Others	–	–	–	–	–	84,204	84,204	–	84,204
At 31 December 2024	74,035,443	284,461*	(2,130,389)*	(12,244,580)*	12,057,029*	308,609,013*	380,610,977	21,219,021	401,829,998

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2025

	Attributable to shareholders of the Company								
	Share capital RMB'000	Property revaluation reserve RMB'000 *(Note (a))*	Exchange fluctuation reserve RMB'000	Merger and other reserves RMB'000 *(Note (b))*	PRC statutory reserve RMB'000 *(Note (c))*	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025	74,035,443	284,461	(2,130,389)	(12,244,580)	12,057,029	308,609,013	380,610,977	21,219,021	401,829,998
Profit for the year	–	–	–	–	–	12,691,186	12,691,186	740,283	13,431,469
Exchange differences on translation of the financial statements of subsidiaries	–	–	79,124	–	–	–	79,124	1,820	80,944
Exchange differences on translation of the financial statements of associates	–	–	51,298	–	–	–	51,298	–	51,298
Total comprehensive income for the year	–	–	130,422	–	–	12,691,186	12,821,608	742,103	13,563,711
2024 final dividend	–	–	–	–	–	(2,987,953)	(2,987,953)	–	(2,987,953)
2025 interim dividend	–	–	–	–	–	(2,517,323)	(2,517,323)	–	(2,517,323)
Acquisition of a subsidiary *(Note 30)*	–	–	–	–	–	–	–	3,338,424	3,338,424
Contributions from non-controlling shareholders	–	–	–	–	–	–	–	9,860,000	9,860,000
Return of capital to non-controlling shareholders	–	–	–	–	–	–	–	(2,037,926)	(2,037,926)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	(1,170,246)	(1,170,246)
Transfer to PRC statutory reserve	–	–	–	–	3,413,564	(3,413,564)	–	–	–
Others	–	–	–	–	–	20,477	20,477	–	20,477
At 31 December 2025	74,035,443	284,461*	(1,999,967)*	(12,244,580)*	15,470,593*	312,401,836*	387,947,786	31,951,376	419,899,162

* *These reserve accounts comprise the consolidated reserves of RMB313,912,343,000 (2024: RMB306,575,534,000) in the consolidated statement of financial position as at 31 December 2025.*

Notes:

(a) The property revaluation reserve mainly represents the surplus on revaluation of properties (net of income tax) upon changes in use of relevant properties from owner-occupied properties to investment properties.

(b) Merger reserve mainly arose from the acquisition of subsidiaries in 2015 by the Group from China State Construction Engineering Corporation Limited ("CSCECL") and in 2016 from CITIC Limited, which are all state-owned enterprises under common control of the State Council of the People's Republic of China (the "PRC"). Other reserves include share option reserve which represents the fair value of share options granted that are yet to be exercised. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire, lapse or be forfeited.

(c) The PRC statutory reserve of the Group represents the general and development fund reserve applicable to subsidiaries established in accordance with the relevant PRC regulations.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES			
Profit before tax		**20,609,013**	26,407,914
Adjustments for:			
Share of profits and losses of associates and joint ventures		**(521,842)**	(649,049)
Finance costs		**727,597**	935,133
Depreciation	*9*	**460,421**	459,527
Interest income	*6*	**(1,132,300)**	(1,599,196)
Changes in fair value of financial assets at fair value through profit or loss, net	*6*	**–**	(70,209)
Changes in fair value of investment properties, net		**(271,735)**	(417,316)
Loss/(gain) on disposal of property, plant and equipment, net	*6*	**67**	(9,322)
Gains on disposal of subsidiaries	*6*	**(591,788)**	–
Gain on bargain purchase of a subsidiary	*6*	**(629,612)**	–
Provision for stock of properties	*6*	**1,289,510**	745,040
Impairment losses of amounts due from associates and joint ventures	*6*	**99,558**	537,177
Effect of foreign exchange rate changes		**(130,975)**	254,419
		19,907,914	26,594,118
Interest received		**1,073,179**	1,437,466
Decrease in stock of properties and other inventories		**6,152,680**	41,229,125
Decrease in land development expenditure		**1,488,438**	2,643,892
Decrease in contract assets		**438,377**	446,090
Decrease in trade and other receivables, deposits and prepayments		**4,293,006**	567,462
Decrease/(increase) in deposits for acquisition of land use rights for property development		**731,860**	(527,340)
Decrease in restricted bank deposits		**49,125**	8,997
Decrease in trade and other payables and pre-sales proceeds		**(8,167,454)**	(8,063,359)
Cash generated from operations		**25,967,125**	64,336,451
Income taxes paid		**(9,233,670)**	(17,882,511)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**16,733,455**	46,453,940
INVESTING ACTIVITIES			
Dividends received from associates		**244,359**	493,326
Dividends received from joint ventures		**251,802**	409,396
Acquisition of a subsidiary	*30*	**(7,857,108)**	–
Purchases of property, plant and equipment		**(226,023)**	(198,035)
Additions of investment properties		**(5,399,231)**	(4,065,424)
Advances to associates		**(71,512)**	(7,355)
Repayment from associates		**87,834**	516,901
Advances to joint ventures		**(6,199,978)**	(2,025,516)
Repayment from joint ventures		**1,997,668**	2,923,296
Advances to non-controlling shareholders		**(1,535,286)**	(1,381,817)
Repayment from non-controlling shareholders		**976,089**	1,215,964
Acquisition of associates and capital contributions to associates		**(1,805,813)**	(116,000)
Return of capital from associates		**2,940,016**	1,526,200
Capital contributions to joint ventures		**–**	(45,000)
Return of capital from joint ventures		**106,657**	233,374
Disposal of subsidiaries	*31*	**2,872,027**	–
Net proceeds from disposal of property, plant and equipment		**9,297**	30,323
Net proceeds from disposal of investment properties		**3,343,980**	2,332,202
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		**(10,265,222)**	1,841,835

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
FINANCING ACTIVITIES			
Interest paid		**(6,957,096)**	(9,029,187)
Other finance costs paid		**(13,511)**	(36,698)
Dividends paid to shareholders of the Company		**(5,505,276)**	(7,498,121)
Dividends paid to non-controlling shareholders		**(1,110,246)**	(708,712)
New bank loans raised		**42,579,784**	77,456,700
Repayment of bank loans		**(55,557,006)**	(77,261,894)
Issue of guaranteed notes and corporate bonds		**11,800,000**	9,000,000
Redemption of guaranteed notes and corporate bonds		**(11,963,583)**	(26,745,780)
Contributions from non-controlling shareholders		**5,232,000**	2,964,146
Return of capital to non-controlling shareholders		**(2,037,926)**	(2,630,128)
Repayment to fellow subsidiaries		**(144,652)**	(1,108,860)
Advances from associates		**406,090**	1,753,263
Repayment to associates		**(2,464,243)**	(495,013)
Advances from joint ventures		**82,178**	609,425
Repayment to joint ventures		**(81,219)**	(702,723)
Advances from non-controlling shareholders		**1,554,048**	7,662,274
Repayment to non-controlling shareholders		**(2,600,352)**	(2,678,693)
Principal element of lease payments		**(83,688)**	(73,129)
Acquisition of additional interests in subsidiaries		**–**	(274,300)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(26,864,698)**	(29,797,430)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(20,396,465)**	18,498,345
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**123,892,213**	105,344,021
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET		**(95,125)**	49,847
CASH AND CASH EQUIVALENTS AT END OF YEAR		**103,400,623**	123,892,213
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash as stated in the consolidated statement of financial position		**103,627,513**	124,168,228
Less: Restricted bank deposits	*23*	**(226,890)**	(276,015)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**103,400,623**	123,892,213

Notes to the Financial Statements

For the year ended 31 December 2025

1. CORPORATE AND GROUP INFORMATION

China Overseas Land & Investment Limited (the "Company") is a public company limited by shares incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The registered office and principal place of business of the Company are situated at 10/F, Three Pacific Place, 1 Queen's Road East, Hong Kong.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in property development, commercial property operations and other businesses. These business activities are principally carried out in Hong Kong, Macau, the United Kingdom, Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin, Jinan, Shenyang, Chengdu, Dalian, Xi'an, Nanjing, Hangzhou, Changchun, Qingdao, Suzhou and other regions in Chinese mainland.

The Company's immediate holding company is China Overseas Holdings Limited, which is incorporated in Hong Kong, and the ultimate holding company of the Company is China State Construction Engineering Corporation ("CSCEC"), which is a state-owned enterprise established in the PRC and under the control of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

Particulars of the Company's principal subsidiaries as set out in note 39 to the financial statements.

2.1.BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), the Hong Kong Companies Ordinance (Cap. 622) and the disclosure requirements of The Rules Governing the Listing of Securities (the "Listing Rules") on the Hong Kong Stock Exchange. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of Consolidation

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

2.1. BASIS OF PREPARATION *(continued)*

Basis of Consolidation *(continued)*

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

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

(b) rights arising from other contractual arrangements; and

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring into line any dissimilar accounting policies that may exist. Other than those subsidiaries acquired under business combinations under common control which are consolidated from the date when combining entities first come under the control of the controlling shareholder of the Company or from the earliest date presented in these financial statements, whichever is the latter, the results of other subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied Amendments to HKFRS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The application of these amendments has had no material impact on the Group's results and financial position.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

2.3. ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS Accounting Standards, that are applicable to the Group and have been issued but are not yet effective, in these financial statements:

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instrument*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*[1]
HKFRS 18	*Presentation and Disclosure in Financial Statements*[2]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[2]

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

2 Effective for annual/reporting periods beginning on or after 1 January 2027

The Group intends to apply the above new and amended HKFRS Accounting Standards when they become effective. The Group has already commenced an assessment of their impact. So far, it has assessed that, except for HKFRS 18 as further described below, the adoption of them is unlikely to have a significant impact on the Group's financial statements.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the consolidated income statement, including specified totals and subtotals. Entities are required to classify all income and expenses within the consolidated income statement into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES

Business Combinations and Goodwill

Business combinations under common control

Business combinations of entities under common control are accounted for using the principle of merger accounting in accordance with Accounting Guideline 5 (Revised) *Merger Accounting for Common Control Combinations* issued by the HKICPA. Under the principle of merger accounting, the consolidated financial statements incorporate the financial statements of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are combined using the existing book values from the controlling parties' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the common control combination. No amount is recognised for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interests. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities are recorded (net of any reserves of the acquired entities) is recognised directly in equity as part of the merger reserve. Acquisition-related costs are recognised as expenses in profit or loss as incurred.

The consolidated profit or loss and the consolidated other comprehensive income include the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under common control, where this is a shorter period, regardless of the date of the common control combination.

Other business combinations and goodwill

Other business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is the sum of fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits*, respectively;

(b) liabilities or equity instruments related to share-based payment arrangements of the acquiree or the replacement of the acquiree's share-based payment arrangements with the share-based payment arrangements of the acquirer are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Business Combinations and Goodwill *(continued)*

Other business combinations and goodwill *(continued)*

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

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Fair Value Measurement

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

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

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

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

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

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

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Interests in Associates and Joint Ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The results and assets and liabilities of associates or joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, interests in associates or joint ventures are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise (i) the Group's share of post-acquisition profit or loss and other comprehensive income of associates or joint ventures; and (ii) any impairment losses on the interests in associates or joint ventures. When the Group's share of losses of an associate or a joint venture equals or exceeds its interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate or joint venture.

Upon acquisition of an associate or a joint venture, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

If an interest in an associate becomes an interest in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence or joint control over that associate or joint venture, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKFRS 9 *Financial Instruments*. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the total of the fair value of the retained investment and proceeds from the disposal is recognised in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Interests in Associates and Joint Ventures *(continued)*

When the Group transacts with its associate or joint venture, profits and losses resulting from the transactions with associates or joint ventures are recognised in profit or loss only to the extent of the Group's interests in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. When the Group disposes of a business to its associate or joint venture with a loss of control over the business, the entire gain or loss on disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5.

Related Parties

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

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

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

  (ii) has significant influence over the Group; or

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

or

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

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

  (ii) one entity is an associate or joint venture of the other entity (or of a holding company, subsidiary or fellow subsidiary of the other entity);

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

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

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

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

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Property, Plant and Equipment

Property, plant and equipment (including right-of-use assets), other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price, construction costs, capitalised borrowing costs on related borrowed funds during the period of construction and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

Depreciation is provided to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life, using the straight-line method. The estimated useful lives used for this purpose are as follows:

Leasehold land and buildings	Over the shorter of the lease term and the estimated useful lives of the assets
Prepaid lease payments for land	Over the shorter of the lease term and the estimated useful lives of the assets
Other right-of-use assets	3 to 10 years
Hotel buildings	Over the shorter of the lease term and the estimated useful lives of the assets
Plant, machinery and equipment	3 to 10 years
Furniture, fixtures, office equipment and motor vehicles	3 to 8 years

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from its use or disposal. Any gain or loss on disposal or retirement, being the difference between the net sales proceeds and the carrying amount of the asset, is recognised in profit or loss in the period in which the asset is derecognised.

Construction in progress is stated at cost, less any accumulated impairment losses. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Investment Properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rentals and/or for capital appreciation.

Such properties are initially measured at cost, including purchase price, construction costs, capitalised borrowing costs on related borrowed funds during the period of construction and any directly attributable transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss on the disposal or retirement of an investment property, being the difference between the net sales proceeds and the carrying amount of the asset, is recognised in profit or loss in the period of the asset is derecognised.

For a transfer from stock of properties to investment properties that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

For a transfer from investment properties to owner-occupied properties or stock of properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use.

When a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment" for owned property 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 accounted for as follows:

(a) any resulting decrease in the carrying amount of the property is recognised in profit or loss in the period the change in use takes place; or

(b) any resulting increase in the carrying amount is credited to profit or loss, to the extent that the increase reverses a previous impairment loss for that property, or restores the carrying amount of the property to an amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the property in prior periods; and any remaining part of the increase in the carrying amount is credited directly to equity in the property revaluation reserve. On subsequent disposal of the property, the relevant portion of the property revaluation reserve realised is transferred to retained profits as a movement in reserves.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Leases

Group as a lessee

A right-of-use asset and a corresponding lease liability are recognised at the commencement date of a lease (that is the date the leased asset is available for use by the Group). Right-of-use assets and lease liabilities are presented within "Property, plant and equipment" or "Investment properties" in and separately presented on the face of the consolidated statement of financial position, respectively.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate the lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis.

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

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

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 payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments of the Group 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 readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee *(continued)*

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Group as a lessor

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

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

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases. At the commencement date, the cost of the asset held under a finance lease is capitalised at the present value of the lease payments and related payments (including initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease, which is measured using the interest rate implicit in the lease. Subsequent to initial measurement, finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Non-current Assets and Disposal Groups Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment classified as held for sale are not depreciated.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Impairment of Non-Financial Assets

At the end of the reporting period, the Group reviews the carrying amounts of its assets (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss in the period in which it arises.

A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss in the period in which it arises.

Financial Assets

Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Financial Assets *(continued)*

Initial recognition and measurement

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

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses are presented in other gains/(losses).

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Financial Assets *(continued)*

Subsequent measurement *(continued)*

(b) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in profit or loss as other gains/(losses) in the consolidated income statement as applicable. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets that do not contain a significant financing component, and lease receivables, the Group applies the simplified approach permitted by HKFRS 9 *Financial Instruments* which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment of financial assets measured at amortised cost other than trade receivables, contract assets and lease receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss.

When there is a significant increase in credit risk or the proceeds receivable are not settled in accordance with the terms stipulated in the agreements, management considers these receivables as underperforming or non-performing and impairment is measured as lifetime expected credit losses.

When management considers that there is no reasonable expectation of recovery, the financial assets measured at amortised cost will be written off.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Financial Liabilities

Initial recognition and measurement

Financial liabilities are all classified, at initial recognition, as financial liabilities at amortised cost, which are recognised initially at fair value and net of directly attributable transaction costs.

Subsequent measurement

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

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

Derecognition

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

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

Supplier Finance Arrangement

The Group classifies financial liabilities that arise from a supplier finance arrangement within trade payables in the consolidated statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group's normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade payables in the consolidated statement of financial position are included in operating activities in the consolidated statement of cash flows. Otherwise, the financial liabilities are classified in bank loans in the consolidated statement of financial position and the related cash flows are included in financing activities in the consolidated statement of cash flows.

Offsetting of Financial Instruments

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer 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 recognised 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 determined in accordance with the expected credit loss model under HKFRS 9 *Financial Instruments*; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the revenue recognition policy in profit or loss.

Inventories

Stock of properties

Properties under development comprise leasehold land and land use rights, development expenditure and borrowing costs capitalised, and are carried at the lower of cost and net realisable value. Net realisable value takes into account the proceeds ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to complete. Upon completion, the properties are transferred to completed properties held for sale. Properties under development included in the current assets are expected to be realised in, or is intended for sale in the Group's normal operating cycle.

Completed properties held for sale are initially measured at the carrying amount of the property at the date of reclassification from properties under development. Subsequently, properties held for sale are carried at the lower of cost and net realisable value. Net realisable value is determined by reference to management's estimates based on prevailing market conditions.

Other inventories

Other inventories, representing raw materials and consumables, are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Contract Assets and Contract Liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net contract asset or a net contract liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as a contract asset if the cumulative revenue recognised in profit or loss exceeds cumulative payments made by customers. Conversely, the contract is a liability and recognised as a contract liability if the cumulative payments made by customers exceeds the revenue recognised in profit or loss.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets. Contract liabilities are recognised as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligations.

Contract Costs

Other than the costs which are capitalised as inventories, and property, plant and equipment, costs incurred to fulfil a contract with a customer (including stamp duties and sales commission incurred directly attributable for obtaining a pre-sale property contract) are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share Capital

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

Own equity instruments which are reacquired by the Company or the Group are recognised directly in equity at cost. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Borrowing Costs

Borrowing costs include interest expense, interest in respect of lease liabilities and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the Group's subsidiaries had borrowed funds in their functional currencies, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

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 are substantially ready for their intended use or sale. When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e., the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e., RMB) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rate for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences so arising, if any, are recognised in other comprehensive income and accumulated in equity within the exchange fluctuation reserve.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Foreign Currencies *(continued)*

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the shareholders of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e., partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in equity within the exchange fluctuation reserve.

Employee Benefits

Retirement benefits

The Group participates in a mandatory provident fund scheme in Hong Kong which is a defined contribution plan generally funded through payments to a trustee-administered fund. The assets of the scheme are held separately from those of the Group in independently administered funds.

Pursuant to the relevant regulations of the government in the Chinese mainland, the subsidiaries in the Chinese mainland participate in the municipal government defined contribution scheme whereby the subsidiaries are required to contribute to the scheme for the retirement benefit of eligible employees. The municipal government of the Chinese mainland is responsible for the entire benefit obligations payable to the retired employees. The only obligation of the Group with respect to the scheme is to pay the ongoing contributions required by the scheme.

The Group's contributions to these defined contribution schemes are expensed in profit or loss as incurred.

Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Employee Benefits *(continued)*

Share-based payments

The Company operates a share option scheme, under which the Group receives services from employees as consideration for share options of the Company. The fair value of the employee services received in exchange for the grant of the share options is recognised as an employee benefit expense with a corresponding increase in equity over the period in which the performance and/or service conditions are fulfilled. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and minimal employment period of employees in the Group); and
- including the impact of any non-vesting conditions (e.g., the requirement for employees to hold shares for a specific period of time).

Non-market performance and service conditions are included in assumptions about the number of share options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The grant by the Company of equity instruments over its equity instruments to the employees of its subsidiaries is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase in investments in subsidiaries, with a corresponding credit to equity in the Company's accounts.

At the end of each reporting period, the Company revises its estimates of the number of equity instruments that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to the share option reserve. When the share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital. When the share options are forfeited after the vesting date or still not exercised at the expiry date, the amount previously recognised in the share option reserve will be transferred to retained profits.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, except that deferred tax is not recognised for the Pillar Two income taxes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period 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 asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current tax and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Revenue Recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group entitles in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold or services provided in the normal course of business, net of discount.

When the contract contains a financing component which provides the customer with 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 amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer 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.

(a) Property development

The Group recognises revenue from the sale of a property at a point in time when the customer obtains control of the property and the Group satisfies the performance obligation.

Proceeds received from buyers prior to meeting the revenue recognition criteria are included in contract liabilities and presented in "Pre-sales proceeds" in the consolidated statement of financial position.

(b) Construction services

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

(c) Material procurement services

Revenue from material procurement services is recognised at the point in time when control of the material is transferred to the customer, generally on delivery of the material.

(d) Hotel operation, building design consultancy and supply chain management services

Revenue from hotel operation, building design consultancy and supply chain management services are recognised when services are provided.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Revenue Recognition *(continued)*

Other revenue and income

(a) Property rentals

Rental income from operating leases lessor is recognised as revenue on the straight-line basis over the lease term.

(b) Dividend income

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

(c) Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Provisions and Contingent Liabilities

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is recognised in profit or loss net of any reimbursement.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs in profit or loss.

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 events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES *(continued)*

Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements when, in respect of a final dividend distribution, it is approved by the Company's shareholders in a general meeting, or in respect of an interim dividend distribution, it is proposed and declared by the directors of the Company.

Events after the Reporting Period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue of the financial statements, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that related to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The major judgements, estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out below:

(a) Fair Value of Investment Properties

Investment properties of the Group are carried at their fair values of RMB205,836,298,000 (2024: RMB210,944,278,000) as at 31 December 2025. The fair values were based on valuations on these properties conducted by independent firms of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss recognised in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(b) Impairment Assessment of Interests in and Amounts Due from Associates and Joint Ventures

The carrying amounts of the Group's net investments in associates and joint ventures (representing interests in and amounts due from these companies), which mainly undertake property development projects in the Chinese mainland and Hong Kong, as at 31 December 2025 were RMB22,521,235,000 (2024: RMB23,127,490,000) and RMB33,104,633,000 (2024: RMB30,032,629,000), respectively.

Management performed impairment assessment on these net investments based on the estimated net realisable value of the stock of properties held by the associates and joint ventures which involve significant judgements and estimates including, inter alia, considerable analysis of the current market price of properties of a comparable standard and location, construction costs to be incurred to complete the development project based on the existing asset structure and a forecast of future sales based on a zero growth rate of the property price. If the actual net realisable values of the stock of properties are more or less than expected as a result of changes in market conditions and/or significant variation in the budgeted development costs, a material reversal of or provision for impairment losses may result.

The recoverable amount of the investment in a listed associate which had an impairment indicator is evaluated based on its value in use. If the actual value in use is more or less than expected as a result of changes in operating performance of the listed associate, a material reversal of or provision for impairment losses may result.

(c) Impairment of Stock of Properties

At 31 December 2025, the carrying amount of the Group's stock of properties was RMB490,840,986,000 (2024: RMB454,100,777,000). Management assessed the recoverability of the amount based on estimation of the net realisable values of the underlying properties, which involves significant judgements and estimates including, inter alia, considerable analysis of the current market price of properties of a comparable standard and location, construction costs to be incurred to complete the development project based on the existing asset structure and a forecast of future sales based on a zero growth rate of the property price. If the actual net realisable values of the stock of properties are more or less than expected as a result of changes in market conditions and/or significant variation in the budgeted development costs, a material reversal of or provision for impairment losses may result.

(d) Land Appreciation Tax ("LAT")

LAT is levied on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditure including land costs, borrowing costs and other property development expenditure.

The subsidiaries engaging in the property development business in the PRC are subject to LAT, which have been included in the income tax expense. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its LAT returns with various tax authorities for certain development projects. Accordingly, judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these tax liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax expense and provisions for LAT in the period in which such determination is made.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

5. SEGMENT INFORMATION

The Group managed its business units based on their products and services, and in accordance with which information is prepared and reported to the Group's management for the purposes of resources allocation and performance assessment. The Group has three reportable segments as follows:

Property development	–	property development for sale
Commercial property operations	–	leasing of properties for rentals, hotel and other commercial property operations
Other businesses	–	provision of material procurement and supply chain management services, construction and building design consultancy services and others

For the purposes of monitoring segment performances and allocating resources between segments:

- Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income on bank deposits, corporate expenses, finance costs and net foreign exchange gains/losses recognised in the consolidated income statement are excluded from such measurement.

- all assets are allocated to reportable segments other than bank balances and cash; and

- all liabilities are allocated to reportable segments other than bank loans, guaranteed notes and corporate bonds.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

5. SEGMENT INFORMATION *(continued)*

Segment Revenue and Results

The following is an analysis of the Group's revenue and results (including share of profits and losses of associates and joint ventures) by reportable segment:

Year ended 31 December 2025

	Property development RMB'000	Commercial property operations RMB'000	Other businesses RMB'000	Total RMB'000
Revenue from contracts with customers *(Note (a))*	156,773,818	994,412	4,114,500	161,882,730
Revenue from another source *(Note (b))*	–	6,206,035	–	6,206,035
Segment revenue from external customers	156,773,818	7,200,447	4,114,500	168,088,765
Inter-segment revenue	–	–	4,169,106	4,169,106
Total segment revenue	156,773,818	7,200,447	8,283,606	172,257,871
Reconciliation:				
Elimination of inter-segment revenue				(4,169,106)
Consolidated revenue				168,088,765
Segment result (including share of profits and losses of associates and joint ventures)	16,048,243	4,018,381	202,907	20,269,531
Reconciliation:				
Interest income on bank deposits				1,040,139
Corporate expenses				(104,035)
Finance costs				(727,597)
Net foreign exchange gains recognised in the consolidated income statement				130,975
Consolidated profit before tax				20,609,013

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

5. SEGMENT INFORMATION *(continued)*

Segment Revenue and Results *(continued)*

Year ended 31 December 2024

	Property development RMB'000	Commercial property operations RMB'000	Other businesses RMB'000	Total RMB'000
Revenue from contracts with customers *(Note (a))*	174,716,382	1,029,583	3,308,303	179,054,268
Revenue from another source *(Note (b))*	–	6,099,759	–	6,099,759
Segment revenue from external customers	174,716,382	7,129,342	3,308,303	185,154,027
Inter-segment revenue	–	–	5,044,383	5,044,383
Total segment revenue	174,716,382	7,129,342	8,352,686	190,198,410
Reconciliation:				
Elimination of inter-segment revenue				(5,044,383)
Consolidated revenue				185,154,027
Segment result (including share of profits and losses of associates and joint ventures)	22,645,548	3,531,024	150,565	26,327,137
Reconciliation:				
Interest income on bank deposits				1,357,788
Corporate expenses				(87,459)
Finance costs				(935,133)
Net foreign exchange losses recognised in the consolidated income statement				(254,419)
Consolidated profit before tax				26,407,914

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

5. SEGMENT INFORMATION *(continued)*

Segment Revenue and Results *(continued)*

Notes:

(a) Revenue from contracts with customers

Disaggregated revenue information
Year ended 31 December 2025

	Property development RMB'000	Commercial property operations RMB'000	Other businesses RMB'000	Total RMB'000
By timing of revenue recognition				
– Recognised at a point in time	156,773,818	–	3,759,759	160,533,577
– Recognised over time	–	994,412	354,741	1,349,153
	156,773,818	994,412	4,114,500	161,882,730
By geographical market				
Chinese mainland	155,815,248	926,983	4,077,876	160,820,107
Hong Kong and Macau	958,570	67,429	36,624	1,062,623
	156,773,818	994,412	4,114,500	161,882,730

Year ended 31 December 2024

	Property development RMB'000	Commercial property operations RMB'000	Other businesses RMB'000	Total RMB'000
By time of revenue recognition				
– Recognised at a point in time	174,716,382	–	2,797,857	177,514,239
– Recognised over time	–	1,029,583	510,446	1,540,029
	174,716,382	1,029,583	3,308,303	179,054,268
By geographical market				
Chinese mainland	170,178,547	964,335	3,270,401	174,413,283
Hong Kong and Macau	4,537,835	65,248	37,902	4,640,985
	174,716,382	1,029,583	3,308,303	179,054,268

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

5. SEGMENT INFORMATION *(continued)*

Segment Revenue and Results *(continued)*

Notes: *(continued)*

(a) Revenue from contracts with customers *(continued)*

Performance obligations

The performance obligations in respect of sale of properties are satisfied at a point in time when customers obtain control of the properties and the Group has the right to payment and collection of the consideration is probable. Payment is in according to the terms of the relevant sale and purchase agreements.

Commercial property operations mainly include hotel operations. The performance obligations of the hotel operations are satisfied over time as services are rendered and payment is generally received in advance.

Other businesses mainly include provision of material procurement and supply chain management services, construction and building design consultancy services. The performance obligations in respect of provision of material procurement and supply chain management services are satisfied at point in time and certain credit period is allowed to the customers. The performance obligations of construction and building design consultancy services are satisfied over time as services are rendered and certain credit period is allowed to the customers.

(b) Revenue from another source represents rental income from leasing of properties to third parties.

Segment Assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

At 31 December 2025

	Property development RMB'000	Commercial property operations RMB'000	Other businesses RMB'000	Total RMB'000
Segment assets (including interests in and amounts due from associates and joint ventures)	596,705,223	213,156,138	2,208,467	812,069,828
Unallocated item:				
Bank balances and cash				103,627,513
Consolidated total assets				915,697,341
Segment liabilities (including amounts due to associates and joint ventures)	213,107,331	27,482,332	7,833,082	248,422,745
Unallocated items:				
Bank loans				172,920,613
Guaranteed notes and corporate bonds				74,454,821
Consolidated total liabilities				495,798,179

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

5. SEGMENT INFORMATION *(continued)*

Segment Assets and Liabilities *(continued)*

At 31 December 2024

	Property development RMB'000	Commercial property operations RMB'000	Other businesses RMB'000	Total RMB'000
Segment assets (including interests in and amounts due from associates and joint ventures)	564,316,682	218,209,754	1,939,717	784,466,153
Unallocated item:				
Bank balances and cash				124,168,228
Consolidated total assets				908,634,381
Segment liabilities (including amounts due to associates and joint ventures)	228,588,720	28,124,877	8,526,808	265,240,405
Unallocated items:				
Bank loans				166,156,996
Guaranteed notes and corporate bonds				75,406,982
Consolidated total liabilities				506,804,383

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

5. SEGMENT INFORMATION *(continued)*

Other Segment Information

Year ended 31 December 2025

	Property development RMB'000	Commercial property operations RMB'000	Other businesses RMB'000	Total RMB'000
Amounts included in the measurement of segment results and segment assets:				
Additions to non-current assets *(Note)*	47,246	2,158,824	40,564	2,246,634
Interests in associates and joint ventures	49,071,569	317,597	–	49,389,166
Depreciation	64,129	321,172	75,120	460,421
Provision for stock of properties	1,289,510	–	–	1,289,510
Impairment losses of amounts due from associates and joint ventures	99,558	–	–	99,558
Changes in fair value of investment properties, net	–	271,735	–	271,735
Interest income on amounts due from associates and joint ventures	80,521	–	–	80,521
Share of profits and losses of associates and joint ventures	521,842	–	–	521,842
Gain on bargain purchase of a subsidiary	629,612	–	–	629,612
Gains on disposal of subsidiaries	–	591,788	–	591,788

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

5. SEGMENT INFORMATION *(continued)*

Other Segment Information *(continued)*

Year ended 31 December 2024

	Property development RMB'000	Commercial property operations RMB'000	Other businesses RMB'000	Total RMB'000
Amounts included in the measurement of segment results and segment assets:				
Additions to non-current assets *(Note)*	28,556	4,506,850	53,883	4,589,289
Interests in associates and joint ventures	45,897,078	–	–	45,897,078
Depreciation	76,437	294,619	88,471	459,527
Provision for stock of properties	745,040	–	–	745,040
Impairment losses of amounts due from associates and joint ventures	537,177	–	–	537,177
Changes in fair value of investment properties, net	–	417,316	–	417,316
Interest income on amounts due from associates, joint ventures and non-controlling shareholders	228,263	–	–	228,263
Share of profits and losses of associates and joint ventures	649,049	–	–	649,049

Note: Non-current assets exclude interests in associates and joint ventures, financial assets at fair value through profit or loss, other receivables and deferred tax assets.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

5. SEGMENT INFORMATION *(continued)*

Geographical Information

The Group's property development, commercial property operations and other businesses are carried out in the PRC and the United Kingdom. The following table provides a geographical analysis of the Group's revenue from external customers (based on where the products and services are delivered or provided) and non-current assets (based on the location of assets):

	Revenue		Non-current assets *(Note)*	
	2025	2024	**2025**	2024
	RMB'000	RMB'000	**RMB'000**	RMB'000
The PRC:				
Southern Region	**42,960,528**	51,637,298	**31,118,020**	32,876,558
Eastern Region	**47,682,839**	35,527,900	**75,484,168**	74,813,048
Central and Western Region	**19,014,618**	36,514,493	**22,706,650**	23,657,549
Northern Region	**57,028,082**	56,433,628	**78,011,706**	77,530,938
Hong Kong and Macau	**1,135,782**	4,715,814	**1,971,267**	2,065,110
	167,821,849	184,829,133	**209,291,811**	210,943,203
The United Kingdom	**266,916**	324,894	**3,739,064**	4,812,971
Total	**168,088,765**	185,154,027	**213,030,875**	215,756,174

Note: Non-current assets exclude interests in associates and joint ventures, financial assets and deferred tax assets.

Information about Major Customers

There was no single customer which contributed 10% or more of the Group's revenue for each of the years ended 31 December 2025 and 2024.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

6. OTHER INCOME, GAINS AND LOSSES, NET

	2025 RMB'000	2024 RMB'000
Interest income on bank deposits	**1,040,139**	1,357,788
Interest income on amounts due from associates, joint ventures and non-controlling shareholders	**80,521**	228,263
Other interest income	**11,640**	13,145
Total interest income	**1,132,300**	1,599,196
Net foreign exchange gains/(losses)	**130,975**	(605,575)
Add: Exchange losses attributable to interest costs of foreign currency debts capitalised in properties under development	**–**	351,156
Net foreign exchange gains/(losses) recognised in the consolidated income statement	**130,975**	(254,419)
Changes in fair value of financial assets at fair value through profit or loss, net	**–**	70,209
Gain on bargain purchase of a subsidiary	**629,612**	–
Gains on disposal of subsidiaries	**591,788**	–
Provision for stock of properties	**(1,289,510)**	(745,040)
Impairment losses of amounts due from associates and joint ventures	**(99,558)**	(537,177)
(Loss)/gain on disposal of property, plant and equipment, net	**(67)**	9,322
Other	**190,019**	183,417
Total other income, gains and losses, net	**1,285,559**	325,508

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

7. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on bank loans, guaranteed notes and corporate bonds	**6,916,412**	8,787,751
Interest on amounts due to joint ventures and non-controlling shareholders	**81,087**	151,612
Interest on lease liabilities	**13,511**	36,698
Other finance costs	**139,630**	213,691
Total finance costs	**7,150,640**	9,189,752
Less: Amount capitalised in properties under development and investment properties under construction*	**(6,423,043)**	(8,254,619)
	727,597	935,133

* Finance costs capitalised during the year are calculated by applying a weighted average capitalisation rate of 2.5% (2024: 3.02%) per annum to expenditure on qualifying assets.

8. INCOME TAX EXPENSE

	Notes	2025 RMB'000	2024 RMB'000
Current tax:			
PRC Corporate Income Tax ("CIT")	*(a)*	**5,403,233**	5,518,333
PRC LAT	*(b)*	**1,723,209**	2,393,800
PRC withholding income tax	*(c)*	**213,417**	70,637
Hong Kong profits tax	*(a)*	**13,272**	16,409
Macau income tax	*(a)*	**4,738**	5,931
Others		**25,106**	29,025
		7,382,975	8,034,135
Deferred tax *(Note 28)*		**(205,431)**	586,550
Total		**7,177,544**	8,620,685

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

8. INCOME TAX EXPENSE *(continued)*

Notes:

(a) Applicable income tax rates

A summary of applicable income tax rates of the jurisdictions in which majority of the Group's operations are located is as follows:

	2025 %	2024 %
Chinese mainland*	25	25
Hong Kong	16.5	16.5
Macau	12	12

* In accordance with the relevant tax laws and regulations of the PRC, certain subsidiaries of the Group established in Chinese mainland enjoy the preferential corporate income tax rate of 15%.

(b) The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

(c) The PRC withholding income tax is imposed on dividends distributed or expected to be distributed from PRC subsidiaries to their immediate holding companies incorporated or operated in Hong Kong at the concession tax rate of 5% (2024: 5%).

(d) Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation was gazetted in Hong Kong on 6 June 2025, the jurisdiction in which the Company is listed, and has come into effect retroactively from 1 January 2025. As of 31 December 2025, Pillar Two legislation has been enacted or substantively enacted and has taken effect in Hong Kong and the United Kingdom in which the Group has operations.

The Group has assessed its potential exposure based on the information available regarding the full-year financial performance of the Group in the year ended 31 December 2025. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group should benefit from the transitional Country-by-Country Reporting safe harbour for most of the jurisdictions in which the Group operates, and hence the Group does not expect a material exposure to Pillar Two income taxes. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

8. INCOME TAX EXPENSE *(continued)*

Notes: *(continued)*

(e) A reconciliation of the income tax expense applicable to profit before tax at the statutory tax rate of the PRC in which majority of the Group's operations are undertaken to the income tax expense recognised in the consolidated income statement for the year is as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	**20,609,013**	26,407,914
Income tax expense at the PRC statutory tax rate of 25% (2024: 25%)	**5,152,253**	6,601,978
PRC withholding income tax	**213,417**	70,637
PRC LAT	**1,723,209**	2,393,800
Tax effect of PRC LAT	**(430,802)**	(598,450)
Tax effect of share of profits and losses of associates and joint ventures	**(130,460)**	(162,262)
Tax effect of expenses not deductible for tax purpose	**1,060,145**	904,638
Tax effect of income not taxable for tax purpose	**(303,990)**	(92,898)
Effect of different tax rates	**(11,970)**	(164,629)
Over-provision in prior years	**(133,922)**	(225,427)
Others	**39,664**	(106,702)
Income tax expense for the year	**7,177,544**	8,620,685

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

9. PROFIT FOR THE YEAR

Profit for the year is arrived at after charging/(crediting):

	2025 RMB'000	2024 RMB'000
Auditor's remuneration:		
Audit services	**11,752**	11,419
Non-audit services	**812**	1,320
	12,564	12,739
Depreciation	**460,421**	459,527
Staff costs (including directors' remuneration):		
Wages and salaries	**1,661,905**	1,828,400
Defined contribution scheme contributions[#]	**213,239**	213,726
	1,875,144	2,042,126
Share of tax of associates and joint ventures*	**580,768**	718,888
Cost of stock of properties and other inventories recognised as expenses	**137,307,990**	147,703,693
Rental income from investment properties	**(5,935,669)**	(5,938,589)
Less: Direct expenses that generated rental income	**2,647,381**	2,579,447
	(3,288,288)	(3,359,142)

[#] During the year ended 31 December 2025, the aggregate amount of forfeited contributions in respect of employees who left before their interests vested fully and thus utilised to reduce contributions during the year was RMB168,000 (2024: RMB3,000).

* This item is included in share of profits and losses of associates and joint ventures in the consolidated income statement.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

10. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance (Cap. 622) and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 RMB'000	2024 RMB'000
Fees	1,377	1,374
Other emoluments:		
Salaries, allowances and benefits-in-kind	4,085	5,156
Performance related bonuses	1,730	2,665
Defined contribution scheme contributions	315	231
	6,130	8,052
Total directors' remuneration	7,507	9,426

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

10. DIRECTORS' REMUNERATION *(continued)*

An analysis of the directors' remuneration, on a named basis, is as follows:

Year ended 31 December 2025

	Notes	Directors' fees	Salaries, allowances and benefits-in-kind *(Note (a))*	Performance related bonus *(Note (a))*	Defined contribution scheme contributions	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors						
Yan Jianguo	*(b)*	–	–	–	–	–
Zhang Zhichao		–	2,140	780	150	3,070
Guo Guanghui		–	1,945	950	165	3,060
		–	4,085	1,730	315	6,130
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-executive Directors						
Zhuang Yong		–	–	–	–	–
Zhao Wenhai#		–	–	–	–	–
Ma Yao^		–	–	–	–	–
		–	–	–	–	–
		'000	'000	'000	'000	'000
Independent Non-executive Directors						
Li Man Bun, Brian David	*(c)*	HK$500 (RMB459)	–	–	–	HK$500 (RMB459)
Chan Ka Keung, Ceajer	*(c)*	HK$500 (RMB459)	–	–	–	HK$500 (RMB459)
Chan Ching Har, Eliza	*(c)*	HK$500 (RMB459)	–	–	–	HK$500 (RMB459)
		HK$1,500 (RMB1,377)	–	–	–	HK$1,500 (RMB1,377)
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total		1,377	4,085	1,730	315	7,507

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

10. DIRECTORS' REMUNERATION *(continued)*

Year ended 31 December 2024

	Notes	Directors' fees	Salaries, allowances and benefits-in-kind *(Note (a))*	Performance related bonus *(Note (a))*	Defined contribution scheme contributions	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors						
Yan Jianguo	*(b)*	–	–	–	–	–
Luo Liang*		–	1,063	1,000	42	2,105
Zhang Zhichao		–	2,148	850	86	3,084
Guo Guanghui		–	1,945	815	103	2,863
		–	5,156	2,665	231	8,052
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-executive Directors						
Zhuang Yong		–	–	–	–	–
Zhao Wenhai#		–	–	–	–	–
		–	–	–	–	–
		'000	'000	'000	'000	'000
Independent Non-executive Directors						
Li Man Bun, Brian David	*(c)*	HK$500 (RMB458)	–	–	–	HK$500 (RMB458)
Chan Ka Keung, Ceajer	*(c)*	HK$500 (RMB458)	–	–	–	HK$500 (RMB458)
Chan Ching Har, Eliza	*(c)*	HK$500 (RMB458)	–	–	–	HK$500 (RMB458)
		HK$1,500 (RMB1,374)	–	–	–	HK$1,500 (RMB1,374)
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total		1,374	5,156	2,665	231	9,426

* Retired on 29 August 2024.

\# Resigned on 22 January 2025.

^ Appointed on 22 January 2025.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

10. DIRECTORS' REMUNERATION *(continued)*

Notes:

(a) Salaries, allowances and benefits-in-kind include housing allowance and non-cash benefits including expense incurred in respect of annual leave in lieu and share-based payments. The performance related bonus was determined based on the Group's performance for the year.

(b) During the year, Mr. Yan Jianguo also held directorship in CSCEC's subsidiaries/associates, which engage in construction, property development and property investment and related businesses.

(c) The directors' fees of independent non-executive directors were paid in HK$. The RMB amounts disclosed above are for presentation purpose only.

(d) No director waived any emoluments in each of the years ended 31 December 2025 and 2024. In addition, no director received any emoluments as inducement to join or upon joining the Company or as compensation for loss of office in each of the years ended 31 December 2025 and 2024.

11. FIVE HIGHEST PAID EMPLOYEES

Of the five employees with the highest emoluments in the Group, two (2024: one) were directors of the Company whose emoluments are disclosed in note 10 above. The emoluments of the three (2024: four) non-director highest paid employees are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits-in-kind	**5,851**	8,491
Performance related bonus	**3,147**	3,483
Defined contribution scheme contributions	**490**	444
	9,488	12,418

The number of non-director highest paid employees whose remuneration fell within the following HK$ bands is as follows:

	2025	2024
HK$3,000,001 to HK$3,500,000	**2**	2
HK$3,500,001 to HK$4,000,000	**1**	2
	3	4

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

12. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to shareholders of the Company of RMB12,691,186,000 (2024: RMB15,635,658,000), and the weighted average number of ordinary shares of 10,944,884,000 (2024: 10,944,884,000) outstanding during the year.

No adjustment has been made to the basic earnings per share amount presented for each of the years ended 31 December 2025 and 2024 in respect of a dilution as (i) in respect of the year ended 31 December 2025, there were no potential ordinary shares in issue during the year; and (ii) in respect of the year ended 31 December 2024, the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

13. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Dividends recognised as distributions during the year:		
Final dividend for the year ended 31 December 2024 of HK30 cents per share (2024: Final dividend for the year ended 31 December 2023 of HK45 cents per share)	**2,987,953**	4,536,107
Interim dividend for the year ended 31 December 2025 of HK25 cents per share (2024: Interim dividend for the year ended 31 December 2024 of HK30 cents per share)	**2,517,323**	2,962,014
	5,505,276	7,498,121

A final dividend of HK25 cents per share for the year ended 31 December 2025, amounting to approximately RMB2,418,819,000, has been proposed by the Board of Directors and is subject to approval by the Company's shareholders at the forthcoming annual general meeting of the Company. The amount of the proposed final dividend, which was calculated based on the number of ordinary shares in issue as at the date of approval of these financial statements, has not been recognised as a dividend payable in these financial statements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets *(Note 16(b)(i))*							
	Leasehold land and buildings RMB'000	Prepaid lease payments for land RMB'000	Other right-of-use assets RMB'000	Hotel buildings RMB'000	Plant, machinery and equipment RMB'000	Furniture, fixtures, office equipment and motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2024	1,829,454	581,526	336,956	5,043,464	201,691	1,273,094	78,479	9,344,664
Additions	266	–	142	17,425	3,559	174,338	2,305	198,035
Transfer from investment properties, net	653,564	–	–	–	–	–	–	653,564
Disposals	(21,418)	–	–	–	(1,838)	(19,231)	–	(42,487)
Exchange realignment	11,045	–	2,810	–	–	2,217	–	16,072
At 31 December 2024 and 1 January 2025	**2,472,911**	**581,526**	**339,908**	**5,060,889**	**203,412**	**1,430,418**	**80,784**	**10,169,848**
Additions	**2,411**	**–**	**6,385**	**9,945**	**2,694**	**209,860**	**475**	**231,770**
Transfer upon completion	**–**	**–**	**–**	**–**	**–**	**1,955**	**(1,955)**	**–**
Transfer from investment properties, net	**82,864**	**–**	**–**	**–**	**–**	**–**	**–**	**82,864**
Disposals	**(8,422)**	**–**	**(8,797)**	**–**	**(1,139)**	**(77,746)**	**–**	**(96,104)**
Disposals of subsidiaries *(Note 31)*	**–**	**–**	**–**	**–**	**–**	**(20,000)**	**–**	**(20,000)**
Exchange realignment	**(10,908)**	**–**	**(3,845)**	**–**	**–**	**(1,954)**	**–**	**(16,707)**
At 31 December 2025	**2,538,856**	**581,526**	**333,651**	**5,070,834**	**204,967**	**1,542,533**	**79,304**	**10,351,671**
ACCUMULATED DEPRECIATION								
At 1 January 2024	481,553	160,613	105,066	815,095	176,190	702,357	–	2,440,874
Provided for the year	70,490	14,372	49,834	137,830	5,044	181,957	–	459,527
Transfer to investment properties	(17,538)	–	–	–	–	–	–	(17,538)
Eliminated on disposals	(1,808)	–	–	–	(1,595)	(18,358)	–	(21,761)
Exchange realignment	5,287	–	1,539	–	–	1,190	–	8,016
At 31 December 2024 and 1 January 2025	**537,984**	**174,985**	**156,439**	**952,925**	**179,639**	**867,146**	**–**	**2,869,118**
Provided for the year	**72,925**	**14,412**	**46,614**	**141,230**	**4,524**	**180,716**	**–**	**460,421**
Transfer to investment properties	**(4,178)**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,178)**
Eliminated on disposals	**(1,535)**	**–**	**(8,796)**	**–**	**(1,053)**	**(75,356)**	**–**	**(86,740)**
Disposals of subsidiaries *(Note 31)*	**–**	**–**	**–**	**–**	**–**	**(17,290)**	**–**	**(17,290)**
Exchange realignment	**(3,305)**	**–**	**(2,768)**	**–**	**–**	**(1,769)**	**–**	**(7,842)**
At 31 December 2025	**601,891**	**189,397**	**191,489**	**1,094,155**	**183,110**	**953,447**	**–**	**3,213,489**
NET CARRYING AMOUNT								
At 31 December 2025	**1,936,965**	**392,129**	**142,162**	**3,976,679**	**21,857**	**589,086**	**79,304**	**7,138,182**
At 31 December 2024	1,934,927	406,541	183,469	4,107,964	23,773	563,272	80,784	7,300,730

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

15. INVESTMENT PROPERTIES

	Completed			Under Construction	
	The Chinese mainland RMB'000	Hong Kong and Macau RMB'000	The United Kingdom RMB'000	The Chinese mainland RMB'000	Total RMB'000
At 1 January 2024	166,540,161	1,725,836	4,788,571	34,691,600	207,746,168
Additions	207,217	5,916	4,340	4,173,781	4,391,254
Changes in fair value of investment properties, net	(1,663,293)	(1,703)	10,693	2,071,619	417,316
Transfer upon completion	17,762,000	–	–	(17,762,000)	–
Transfer to property, plant and equipment, net	(671,102)	–	–	–	(671,102)
Transfer to non-current assets held for sale *(Note (a))*	(2,545,229)	–	–	–	(2,545,229)
Disposals	(990,163)	–	–	–	(990,163)
Exchange realignment	–	41,787	9,018	–	50,805
At 31 December 2024 and 1 January 2025	**178,639,591**	**1,771,836**	**4,812,622**	**23,175,000**	**208,399,049**
Additions	**57,415**	**–**	**226**	**1,957,223**	**2,014,864**
Lease modifications	**(573,093)**	**–**	**–**	**–**	**(573,093)**
Changes in fair value of investment properties, net	**(1,727,753)**	**1,798**	**42,127**	**1,955,563**	**271,735**
Transfer upon completion	**3,593,000**	**–**	**–**	**(3,593,000)**	**–**
Transfer (to)/from stock of properties, net	**(1,000,766)**	**–**	**–**	**794,214**	**(206,552)**
Transfer to property, plant and equipment, net	**(87,042)**	**–**	**–**	**–**	**(87,042)**
Disposals	**(1,519,405)**	**–**	**–**	**–**	**(1,519,405)**
Disposals of subsidiaries *(Note 31)*	**(1,290,000)**	**–**	**(1,274,724)**	**–**	**(2,564,724)**
Exchange realignment	**–**	**(57,154)**	**158,620**	**–**	**101,466**
At 31 December 2025	**176,091,947**	**1,716,480**	**3,738,871**	**24,289,000**	**205,836,298**

Notes:

(a) In December 2024, the Group entered into sale and purchase agreements with an independent third party to dispose of certain investment properties in Beijing attributable to the segment of commercial property operations. These properties had a total carrying amount of RMB2,545,229,000 as at 31 December 2024 and were reclassified as non-current assets held for sale as at 31 December 2024. The transaction was completed during the year ended 31 December 2025.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

15. INVESTMENT PROPERTIES *(continued)*

Notes: *(continued)*

(b) Investment properties valuation

The fair values of the investment properties held by the Group as at 31 December 2025 and 2024 were arrived on the basis of valuations carried out on those dates by Cushman & Wakefield Limited and KPMG Advisory (China) Limited Shenzhen Branch, which are independent firms of professional valuers with appropriate qualification and recent experience in the valuation of similar properties in the relevant locations. The current use of the investment properties is their highest and best use.

The Group's finance team reviews the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation assumptions and results are held between management and the valuers at least twice a year when valuations are performed for interim and annual financial reporting.

The investment properties classified as non-current assets held for sale as at 31 December 2024 (note (a) above) were stated at fair value with reference to the agreed selling prices as stated in the sale and purchase agreements and the fair value measurement of the properties was classified as level 2 valuation as there was no significant unobservable input. Save as these properties, the fair values of the Group's other investment properties as at 31 December 2025 and 2024 are categorised as level 3 measurement in the three-level fair value hierarchy and during the year ended 31 December 2025, there was no transfer into and out of Level 3.

Fair value measurements using significant unobservable inputs

The valuation for completed investment properties was arrived at by considering the capitalised income derived from the existing tenancies and the reversionary potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

The valuation for investment properties under construction was arrived at by making reference to comparable selling prices, as available in the relevant market. The estimated construction costs to complete the development and estimated developer's profits at the date of valuation are also taken into account.

There was no change in the valuation techniques used during the year.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

15. INVESTMENT PROPERTIES *(continued)*

Notes: *(continued)*

(b) Investment properties valuation *(continued)*

Fair value measurements using significant unobservable inputs *(continued)*

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

Description	Fair value at 31 December 2025 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Investment properties under construction in the Chinese mainland	24,289,000	Residual method	Estimated selling price	RMB10,750 – RMB105,000 per sq m
			Estimated costs to completion	RMB6,406 – RMB14,512 per sq m
			Estimated developer's profit	5.0% – 20.0%
Completed investment properties in the Chinese mainland	176,091,947	Investment approach	Prevailing market rents	RMB18 – RMB1,044 per sq m per month
			Reversionary yield	2.0% – 8.0%
		Direct comparison approach	Prevailing market price	RMB10,070 – RMB100,300 per sq m
Completed investment properties in Hong Kong and Macau	1,716,480	Investment approach	Prevailing market rents	HK$15 – HK$210 per sq ft per month
			Reversionary yield	2.2% – 3.8%
Completed investment properties in the United Kingdom	3,738,871	Investment approach	Prevailing market rents	GBP59 – GBP77 per sq ft per year
			Reversionary yield	6.0% – 6.9%

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

15. INVESTMENT PROPERTIES *(continued)*

Notes: *(continued)*

(b) Investment properties valuation *(continued)*

Fair value measurements using significant unobservable inputs *(continued)*

Description	Fair value at 31 December 2024 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Investment properties under construction in the Chinese mainland	23,175,000	Residual method	Estimated selling price	RMB8,910 – RMB106,200 per sq m
			Estimated costs to completion	RMB5,082 – RMB14,789 per sq m
			Estimated developer's profit	6.0% – 19.0%
Completed investment properties in the Chinese mainland	178,639,591	Investment approach	Prevailing market rents	RMB15 – RMB1,059 per sq m per month
			Reversionary yield	2.0% – 8.0%
		Direct comparison approach	Prevailing market price	RMB10,070 – RMB104,900 per sq m
Completed investment properties in Hong Kong and Macau	1,771,836	Investment approach	Prevailing market rents	HK$15 – HK$240 per sq ft per month
			Reversionary yield	2.2% – 3.8%
Completed investment properties in the United Kingdom	4,812,622	Investment approach	Prevailing market rents	GBP53 – GBP81 per sq ft per year
			Reversionary yield	6.0% – 7.2%

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

15. INVESTMENT PROPERTIES *(continued)*

Notes: *(continued)*

(b) Investment properties valuation *(continued)*

Fair value measurements using significant unobservable inputs *(continued)*

Estimated costs to completion and the developer's profit required are estimated by the independent valuers based on market conditions at the end of the reporting period. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The lower are the costs and developer's profit, the higher is the fair value of an investment property.

Estimated selling prices and prevailing market rents are estimated based on the independent valuers' view of recent lettings or selling transactions within the subject properties and other comparable properties. The higher are the selling prices and rents, the higher is the fair value of an investment property.

The reversionary yield is estimated by the independent valuers based on the risk profile of the properties being valued and the market conditions. The lower is the reversionary yield, the higher is the fair value of an investment property.

16. LEASES

(a) The Group as a Lessor

Investment properties of the Group, mainly comprising office buildings, shopping malls and long-term leased apartments, are leased out for rental income under operating lease arrangements with lease terms ranging from 1 to 25 years (2024: 1 to 20 years).

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	**4,438,882**	4,289,631
After one but within two years	**3,136,278**	3,005,522
After two but within three years	**2,078,670**	1,961,920
After three but within four years	**1,230,522**	1,160,639
After four but within five years	**749,524**	773,405
After five years	**1,582,780**	1,689,883
	13,216,656	12,881,000

(b) The Group as a Lessee

The Group leases various offices and warehouses for use in its operations, with lease periods ranging from 1 year to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. On renewal, the terms of the leases are renegotiated. 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.

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Notes to the Financial Statements (continued)

For the year ended 31 December 2025

16. LEASES *(continued)*

(b) The Group as a Lessee *(continued)*

(i) Right-of-use assets

The Group's right-of-use assets are included under property, plant and equipment and investment properties in the consolidated statement of financial position and the carrying amounts of which as at the end of the reporting period are summarised as follows:

	2025 RMB'000	2024 RMB'000
Right-of-use assets, included under:		
Property, plant and equipment *(Note 14)*		
Leasehold land and buildings	**1,936,965**	1,934,927
Prepaid lease payments for land	**392,129**	406,541
Other right-of-use assets	**142,162**	183,469
	2,471,256	2,524,937
Investment properties	**145,000**	776,000
	2,616,256	3,300,937

Additions to right-of-use assets included under property, plant and equipment during the year ended 31 December 2025 are RMB8,796,000 (2024: RMB408,000).

(ii) Lease liabilities

The Group's lease liabilities are separately presented on the face of the consolidated statement of financial position. The maturity analysis of lease liabilities is disclosed in note 38.

(iii) Other lease information

The following amounts relating to leases were recognised in the consolidated income statement:

	2025 RMB'000	2024 RMB'000
Depreciation of right-of-use assets	**133,951**	134,696
Expenses related to short-term leases	**81,019**	73,206
Interest expenses on lease liabilities (included in finance costs)	**13,511**	36,698
Total amount recognised in the consolidated income statement	**228,481**	244,600

The total cash outflow for leases included in the consolidated statement of cash flows within operating activities and financing activities are RMB81,019,000 (2024: RMB73,206,000) and RMB97,199,000 (2024: RMB109,827,000), respectively.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

17. INTERESTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Cost of investments:		
Listed	**4,546,563**	4,229,703
Unlisted	**5,543,627**	6,994,690
	10,090,190	11,224,393
Loans to associates *(Note (c))*	**1,089,046**	1,125,347
Share of post-acquisition profits and losses and other comprehensive income, net of dividends received	**10,273,155**	9,717,223
Total interests in associates	**21,452,391**	22,066,963

Notes:

(a) Material associate disclosure

Set out below are the particulars of an associate, which, in the opinion of the directors of the Company, is material to the Group:

Name of entity	Place of incorporation/ establishment	Place of operations	Percentage of issued ordinary share capital held by the Group 2025	2024	Principal activities
China Overseas Grand Oceans Group Ltd. ("COGO")*	Hong Kong	PRC	**39.63%**	39.63%	Property development and commercial property operations

* COGO is a company listed on the Main Board of the Hong Kong Stock Exchange.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

17. INTERESTS IN ASSOCIATES *(continued)*

Notes: *(continued)*

(a) Material associate disclosure *(continued)*

Set out below is the summarised financial information of COGO as at/for the year ended 31 December 2025:

Summarised Consolidated Statement of Financial Position

	COGO	
	2025	2024
	RMB'000	RMB'000
Total current assets	**109,677,426**	121,202,702
Total current liabilities	**(50,798,120)**	(61,766,987)
Total non-current assets	**9,021,414**	7,980,192
Total non-current liabilities	**(29,853,980)**	(29,864,844)
Net assets	**38,046,740**	37,551,063
Non-controlling interests	**(6,425,393)**	(6,155,196)
Equity attributable to shareholders of the associate	**31,621,347**	31,395,867
Reconciliation to the Group's investment in the associate		
Group's effective interest	**39.63%**	39.63%
Carrying amount of the Group's interest in the associate	**12,533,121**	12,443,752
Market value of the shares held by the Group	**2,513,971**	2,322,249

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

17. INTERESTS IN ASSOCIATES *(continued)*

Notes: *(continued)*

(a) Material associate disclosure *(continued)*

Summarised Consolidated Statement of Comprehensive income

	COGO	
	2025	2024
	RMB'000	RMB'000
Revenue	**36,874,435**	45,895,252
Profit before tax	**1,365,673**	2,160,744
Income tax expense	**(816,342)**	(944,903)
Profit for the year	**549,331**	1,215,841
Other comprehensive income/(loss) for the year	**129,427**	(615,775)
Total comprehensive income for the year	**678,758**	600,066
Dividends received from COGO	**103,159**	181,683

(b) Set out below is an aggregate Information of all associates that are not individually material:

	2025	2024
	RMB'000	RMB'000
Share of the associates' profits and losses for the year and total comprehensive income for the year	**591,510**	497,264
Aggregate carrying amount of the Group's interests in the associates	**8,919,270**	9,623,211

(c) The loans to associates are classified as equity loan in nature. At 31 December 2025 and 2024, the loans to associates are unsecured, interest-free and have no fixed term of repayment.

(d) The balances with associates and financial guarantees granted to the associates are disclosed in notes 22 and 34, respectively.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

18. INTERESTS IN JOINT VENTURES

	2025 RMB'000	2024 RMB'000
Cost of investments, unlisted	**5,704,027**	5,810,684
Loans to joint ventures *(Note (b))*	**18,232,173**	13,576,752
Share of post-acquisition profits and losses and other comprehensive income, net of dividends received	**4,000,575**	4,442,679
	27,936,775	23,830,115

Notes:

(a) In the opinion of the directors of the Company, all joint ventures of the Group are not individually material.

Set out below is an aggregate Information of all joint ventures that are not individually material:

	2025 RMB'000	2024 RMB'000
Share of joint ventures' profit and losses for the year and total comprehensive income for the year	**(190,420)**	(226,353)
Aggregate carrying amount of the Group's interests in the joint ventures	**27,936,775**	23,830,115

(b) The loans to joint ventures are equity loans in nature. At 31 December 2025, the loans to joint ventures are unsecured, interest-free and have no fixed terms of repayment, except for the amounts of RMB733,627,000 (2024: RMB642,983,000), which bear fixed interest at a fixed rate of 2% (2024: 2%) per annum.

(c) The balances with joint ventures and financial guarantees granted to the joint ventures are disclosed in notes 22 and 34.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

19. STOCK OF PROPERTIES AND OTHER INVENTORIES

	2025 RMB'000	2024 RMB'000
Completed properties	**143,385,783**	149,175,084
Properties under development *(Note)*	**347,455,203**	304,925,693
Total stock of properties	**490,840,986**	454,100,777
Other inventories	**158,753**	173,669
	490,999,739	454,274,446

Note: Included in the amount are properties under development of RMB157,547,978,000 (2024: RMB147,561,722,000) which are not expected to be realised within twelve months from the end of the reporting period.

20. LAND DEVELOPMENT EXPENDITURE

The Group entered into agreements ("Agreements") with local governments in Chinese mainland to redevelop some lands in certain cities in the PRC. Under these Agreements, the Group assisted the local governments for the primary land redevelopment works, which included but are not limited to removal of existing buildings situated on the land, relocation of existing residents, provision of infrastructure systems including roads, drainage system, water, gas and electricity supply and construction of public facilities. Pursuant to the Agreements, the Group will be reimbursed for the actual costs incurred in carrying out the land development works and be entitled to fixed returns irrespective of whether the Group will obtain the land use rights of the lands in the future. The fixed return is recognised as income from primary land development under other income in the consolidated income statement with reference to the progress of the land redevelopment works.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

21. TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables *(Note (a) and (b))*	**2,697,306**	1,590,168
Other receivables – current portion	**1,367,241**	1,815,902
	4,064,547	3,406,070

Notes:

(a) Except for trade receivables in respect of sale of properties and lease receivables which are receivable or settled in accordance with the terms of the relevant sale and purchase agreements and lease agreements, the Group generally allows a credit period ranging from 30 to 180 days to its customers. The Group does not hold any collateral or other credit enhancement over its trade receivables.

The ageing analysis of trade receivables as at the end of the reporting period, presented based on the date the trade receivables were recognised, is as follows:

	2025 RMB'000	2024 RMB'000
0–30 days	**869,734**	424,195
31 – 90 days	**373,452**	262,063
Over 90 days	**1,454,120**	903,910
	2,697,306	1,590,168

(b) In determining the recoverability of trade receivables, management has closely monitored the credit qualities and the collectability of these receivables and considers that the expected credit risks of them are minimal in view of the track record of repayment from them, the history of cooperation with them and forward-looking information. The concentration of credit risk is limited due to the customer base being large and unrelated. In the opinion of the directors, the expected credit loss provision for trade and other receivables was insignificant as at the end of the reporting period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

22. BALANCES WITH RELATED COMPANIES

All the balances with fellow subsidiaries, associates, joint venture and non-controlling shareholders as at 31 December 2025 and 2024 are unsecured, interest-free and recoverable/repayable on demand, except for:

(a) amounts due from joint ventures of RMB962,418,000 (2024: RMB2,231,667,000) as at 31 December 2025, which bear interest at fixed rates ranging from 3.22% to 3.90% (2024: 3.1% to 12.0%) per annum.

(b) amounts due to joint ventures of RMB618,117,000 (2024: RMB579,503,000) as at 31 December 2025, which bear interest at fixed rates ranging from 1.50% to 2.18% (2024: 2.18%) per annum.

(c) amounts due to non-controlling shareholders of RMB279,010,000 as at 31 December 2024, which bore interest at fixed rates ranging from 4.35% to 6.0% per annum.

23. BANK BALANCES AND CASH

(a) Bank balances and cash as at 31 December 2025 included:

(i) restricted bank deposits in a total amount of RMB226,890,000 (2024: RMB276,015,000), which are mainly guarantee deposits designated for use in certain property development projects;

(ii) current deposits in a total amount of RMB632,196,000 (2024: RMB124,772,000) placed with China State Construction Finance Limited ("CSCFL"), which is a fellow subsidiary of the Company and a non-bank financial institution approved by the China Banking and Insurance Regulatory Commission. These deposits carried interest at rates ranging from 0.55% to 1.35% (2024: 0.355% to 1.25%) per annum. This related party transaction also constitutes a continuing connected transaction as defined in Chapter 14A of the Listing Rules; and

(iii) regulated pre-sales proceeds of properties in a total amount of RMB14,785,759,000 (2024: RMB24,955,254,000) which, in accordance with applicable prevailing government regulations, can only be used for payments of construction costs of related property projects and will be released according to the completion stage of the related properties.

(b) Bank deposits of the Group carry interest at market rates ranging from 0.001% to 4.5% (2024: 0.001% to 5.3%) per annum.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

23. BANK BALANCES AND CASH *(continued)*

(c) At the end of the reporting period, the Group's bank balances and cash were denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
Bank balances and cash denominated in:		
RMB	**100,320,126**	122,032,482
Hong Kong dollars ("HK$")	**2,260,189**	1,544,028
United States dollars ("US$")	**470,755**	367,809
Singapore dollars	**331,611**	4,298
Pounds sterling ("GBP")	**184,125**	132,373
Other currencies	**60,707**	87,238
	103,627,513	124,168,228

24. BANK LOANS

	2025 RMB'000	2024 RMB'000
Bank loans:		
– secured	**62,275,481**	48,955,798
– unsecured	**110,645,132**	117,201,198
Total	**172,920,613**	166,156,996

	2025 RMB'000	2024 RMB'000
The bank loans are repayable:		
Within one year	**30,726,935**	16,633,612
In the second year	**61,731,095**	32,947,808
In the third to fifth years, inclusive	**57,172,718**	85,247,887
Beyond five years	**23,289,865**	31,327,689
Total bank loans	**172,920,613**	166,156,996
Portion classified as current liabilities	**(30,726,935)**	(16,633,612)
Non-current portion	**142,193,678**	149,523,384

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

24. BANK LOANS *(continued)*

Notes:

(a) The carrying amounts of the Group's bank loans are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
Bank loans denominated in:		
RMB *(Note (i))*	**166,893,707**	150,696,157
HK$ *(Note (ii))*	**6,026,906**	15,460,839
	172,920,613	166,156,996

(i) The amounts bear interest at rates ranging from 1.90% to 4.58% (2024: 1.85% to 7.00%) per annum.

(ii) The amounts bear interest at HIBOR plus a specified margin per annum or at fixed rates ranging from 1.70% to 4.02% (2024: 1.70% to 2.78%) per annum.

(b) Included in the total bank loans as at 31 December 2025 are loans of RMB844,449,000 (2024: RMB177,300,000) provided to the Group by CSCFL. The loans provided by CSCFL are unsecured and carry interest rates ranging from 2.11% to 2.34% (2024: 2.25% to 2.70%) per annum.

The Group's average borrowing cost is 2.8% (2024: 3.1%) per annum. The borrowings amounting to RMB32,697,871,000 (2024: RMB36,514,527,000) and RMB140,222,742,000 (2024: RMB129,642,469,000) are carried at fixed interest rates and variable interest rates, respectively.

(c) At 31 December 2025 and 2024, certain assets of the Group were pledged to banks for the secured bank loans, as further detailed in note 35.

(d) Certain unsecured and secured bank loans classified as non-current liabilities in aggregate amounts of RMB53,940,451,000 (2024: RMB53,428,462,000) and RMB8,178,453,000 (2024: RMB2,059,410,000) at 31 December 2025, respectively, are subject to certain financial covenants, including debt-to-asset ratio, current ratio, the ratio of guaranteed amount to net assets, minimum tangible net worth requirements, the ratio of net borrowings to tangible net worth, the ratio of net borrowings (excluding contingent liabilities) to tangible net worth, and/or the ratio of secured borrowings to tangible net worth. These covenants are either tested semi-annually on 30 June and 31 December of each year until maturity or required to be complied with at all times as long as the facility amounts remain outstanding. The Group has complied with these covenants under the relevant facility agreements as at 31 December 2025. Management expects that the Group will comply with these financial covenants within 12 months after the end of the reporting period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

25. GUARANTEED NOTES AND CORPORATE BONDS

	2025 RMB'000	2024 RMB'000
The guaranteed notes and corporate bonds are repayable:		
Within one year	**11,589,193**	11,956,352
In the second year	**15,200,000**	11,587,746
In the third to fifth years, inclusive	**33,363,159**	36,118,912
Beyond five years	**14,302,469**	15,743,972
Total guaranteed notes and corporate bonds	**74,454,821**	75,406,982
Portion classified as current liabilities	**(11,589,193)**	(11,956,352)
Non-current portion	**62,865,628**	63,450,630

A summary of the guaranteed notes and corporate bonds issued by the Group and outstanding as at the end of the reporting period is as follows:

At 31 December 2025

Currency	Principal amount (in million)	Fixed interest rate per annum	Year of maturity date	Carrying amount RMB'000
Current portion				
RMB	1,500 – 1,900[(ii)]	3.25% – 3.60%[(iv)]	2026	3,400,258
RMB	3,190	3.50%[(iii)]	2026	3,188,935
RMB	800 – 2,000	2.90% – 3.55%[(iv)]	2026	5,000,000
				11,589,193
Non-current portion				
US$	200 – 750[(i)]	2.75% – 6.45%[(iii)]	2028 – 2043	24,365,628
RMB	100 – 3,000	1.60% – 3.50%[(iv)]	2027 – 2040	38,500,000
				62,865,628
Total guaranteed notes and corporate bonds				74,454,821

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

25. GUARANTEED NOTES AND CORPORATE BONDS *(continued)*

At 31 December 2024

Currency	Principal amount (in million)	Fixed interest rate per annum	Year of maturity date	Carrying amount RMB'000
Current portion				
US$	300[(i)]	2.375%[(iii)]	2025	2,156,352
RMB	1,000 – 2,000	2.25% – 3.05%[(iv)]	2025	9,800,000
				11,956,352
Non – current portion				
US$	200 – 750[(i)]	2.75% – 6.45%[(iii)]	2028 – 2043	25,162,884
RMB	1,500 – 1,900[(ii)]	3.25% – 3.60%[(iv)]	2026	3,400,000
RMB	500 – 3,000	2.35% – 3.55%[(iv)]	2026 – 2034	31,700,000
RMB	3,190	3.50%[(iii)]	2026	3,187,746
				63,450,630
Total guaranteed notes and corporate bonds				75,406,982

Notes:

(i) These guaranteed notes are unconditionally and irrevocably guaranteed by the Company. They shall become immediately due and payable in the event of the failure to perform or observe certain conditions set out in the trust deeds which include, inter alia, the negative pledge given by the Company and the related subsidiaries.

(ii) These guaranteed notes and corporate bonds contain terms for adjustment of the interest rate and sell-back option at the end of the fifth year from interest commencement date.

(iii) Interests are payable semi-annually.

(iv) Interests are payable annually.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

26. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables *(Note (a))*	**37,959,313**	41,847,037
Other payables *(Note (b))*	**9,303,171**	7,657,954
Retention payables	**4,928,880**	6,095,740
	52,191,364	55,600,731

Notes:

(a) Trade payables are non-interest-bearing and are normally settled within 60 days. The financial liabilities that are part of the Group's supplier finance arrangements included in trade payables are normally settled within 90 days.

Included in the trade payables as at 31 December 2025 are amounts of RMB2,809,946,000 (2024: RMB2,968,019,000) in total due to fellow subsidiaries, arising from transactions carried out in the ordinary course of business of the Group. The balances are unsecured, interest-free and are repayable within credit periods similar to those offered by the related parties to their major customers.

The ageing analysis of trade payables as at the end of the reporting period, presented based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
0–30 days	**12,044,659**	12,341,117
31 – 90 days	**3,758,356**	3,715,087
Over 90 days	**22,156,298**	25,790,833
	37,959,313	41,847,037

The Group has established supplier finance arrangements that are offered to some of the Group's key suppliers of material procurement in Chinese mainland. Participation in the arrangements is at the suppliers' own discretion. Suppliers that participate in the supplier finance arrangements will receive payments from the Group's external finance provider. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices must have been approved by the Group. The Group settles the original invoice by paying the finance provider at a later date as agreed with the finance provider. The Group provides no security to the finance provider.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

26. TRADE AND OTHER PAYABLES *(continued)*

Notes: *(continued)*

(a) *(continued)*

All financial liabilities that are part of the supplier finance arrangements are included in trade and other payables in the consolidated statement of financial position and within trade payables.

	2025 RMB'000	2024 RMB'000
Carrying amount of financial liabilities that are part of the supplier finance arrangements included in:		
Trade and other payables	**235,359**	1,629,318
Of which suppliers have received payments	**235,359**	1,618,542

For financial liabilities that are part of the supplier finance arrangements included in trade and other payables, there were no significant non-cash changes in the carrying amounts of these financial liabilities.

There were no financial liabilities that were part of the supplier finance arrangements included in trade and other payables as at 1 January 2024.

(b) Other payables mainly include rental and other deposits, other taxes payable and accrued charges.

Of the other payables and retention payables, an amount of RMB4,677,642,000 (2024: RMB4,685,092,000) is due beyond twelve months from the end of the reporting period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

27. PRE-SALES PROCEEDS

Details of pre-sales proceeds are as follows:

	2025 RMB'000	2024 RMB'000
Contract liabilities related to sale of properties *(Note (b))*	**114,720,272**	121,617,904
Value-added tax associated with pre-sales proceeds	**10,313,024**	10,924,846
Total pre-sales proceeds	**125,033,296**	132,542,750

Notes:

(a) The Group receives payments from customers based on the billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sale of properties.

The following table shows the amount of revenue recognised in the current reporting period in relation to carried-forward contract liabilities:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**78,016,500**	68,340,197

In respect of revenue from contracts with customers under the property development segment management expects that the transaction price allocated to the unsatisfied contracts related to sale of properties as at 31 December 2025 amounting to RMB144,735,103,000 (2024: RMB164,160,155,000) will be recognised as revenue within the coming three financial years.

In respect of revenue from contracts with customers under the commercial property operations and other businesses segments, the Group has applied the practical expedient in HKFRS 15 for not disclosing the remaining performance obligations under the Group's existing contracts as the Group either (i) recognises revenue from the satisfaction of the performance obligation in the amount to which the Group has a right to consideration from a customer that corresponds directly with the value to the customer of the entity's performance completed to date; or (ii) the performance obligations are expected to be recognised as revenue with an original expected duration of one year or less.

(b) The decrease in contract liabilities during the year was in line with the decrease in the payments received from customers for the year.

(c) Total pre-sales proceeds as at 1 January 2024 consist of contract liabilities related to sale of properties of RMB99,675,470,000 and value-added tax associated with in pre-sales proceeds of RMB8,943,571,000.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

28. DEFERRED TAX

Net deferred tax assets and liabilities recognised in the consolidated statement of financial position are as follows:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets	(7,269,960)	(7,324,894)
Net deferred tax liabilities	27,911,826	27,733,296
	20,641,866	20,408,402

The components of deferred tax assets and liabilities and their movements during the current and prior years are as follows:

	Attributable to											
	Accelerated tax depreciation	Revaluation of properties	Fair value adjustment on properties	Undistributed earnings of PRC subsidiaries and joint ventures *(Note (a))*	Other taxable temporary differences	Unrealised profit *(Note (b))*	Unused tax loss	Provision for LAT	Other deductible temporary differences	Right-of-use assets	Lease liabilities	Total deferred tax liabilities/ (assets)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	10,088	19,336,340	4,028,124	116,021	2,108,745	(135,192)	(774,424)	(4,071,499)	(775,521)	236,689	(257,246)	19,822,125
Charged/(credited) to profit or loss	803	101,768	(359,894)	–	382,113	44,002	(962,107)	1,488,833	(87,468)	(45,678)	24,178	586,550
Exchange realignment	259	–	–	–	–	–	(516)	–	(16)	–	–	(273)
At 31 December 2024 and 1 January 2025	11,150	19,438,108	3,668,230	116,021	2,490,858	(91,190)	(1,737,047)	(2,582,666)	(863,005)	191,011	(233,068)	20,408,402
Charged/(credited) to profit or loss *(Note 8)*	–	(154,508)	(1,399,991)	–	801,892	(64,470)	(588,506)	1,371,898	(178,292)	(150,873)	157,419	(205,431)
Acquisition of a subsidiary *(Note 30)*	–	–	550,976	–	–	–	–	–	–	–	–	550,976
Disposal of a subsidiary *(Note 31)*	–	(73,141)	–	–	(39,729)	–	–	–	–	–	–	(112,870)
Exchange realignment	350	–	–	–	–	–	418	–	21	–	–	789
31 December 2025	11,500	19,210,459	2,819,215	116,021	3,253,021	(155,660)	(2,325,135)	(1,210,768)	(1,041,276)	40,138	(75,649)	20,641,866

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

28. DEFERRED TAX *(continued)*

(a) Under the CIT Law of the PRC, withholding income tax is imposed on dividends declared in respect of profits earned by subsidiaries established in the PRC. Deferred tax in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB14,443,224,000 (2024: RMB13,942,636,000) has not been provided for in the consolidated financial statements as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

(b) At 31 December 2025, the Group had unused tax losses of RMB19,009,949,000 (2024: RMB12,720,198,000) available for offsetting against future profits, of which tax losses of RMB14,587,967,000 (2024: RMB8,366,776,000) will expire within five years from the end of the reporting period and the remaining tax losses may be carried forward indefinitely. Based on the assessment made by the management, (i) deferred tax assets have been recognised in respect of RMB9,522,862,000 (2024: RMB6,974,882,000) tax losses of subsidiaries which shall have future taxable profits for the utilisation of these tax losses; and (ii) no deferred tax asset has been recognised on the remaining tax losses of RMB9,487,087,000 (2024: RMB5,745,316,000) due to the unpredictability of future profit streams.

29. SHARE CAPITAL

	Original currency HK$'000	2025 RMB'000	2024 RMB'000
Issued and fully paid			
10,944,884,000 ordinary shares	**90,422,641**	**74,035,443**	74,035,443

There were no movement in the Company's issued share capital during each of the years ended 31 December 2025 and 2024.

Share-based Payments

Share Option Scheme of the Company

On 29 June 2018, the Company offered to grant share options (the "2018 Share Options") to certain eligible persons (collectively, the "2018 Options Grantees"), to subscribe for a total of 107,320,000 shares of the Company, subject to acceptance of the 2018 Options Grantees, under the share option scheme adopted by the Company on 11 June 2018 (the "Share Option Scheme"). Out of 107,320,000 shares of 2018 Share Options granted, a total of 2,000,000 shares were granted to directors of the Company. The exercise price is HK$25.85 per share.

One-third of the 2018 Share Options granted may be vested on each of 29 June 2020, 29 June 2021 and 29 June 2022 subject to the exercise conditions under the terms of the Share Option Scheme. The closing price of 2018 Share Options on the date of grant was HK$25.85 per share.

On 24 November 2020, the Company offered to grant share options (the "2020 Share Options") to certain eligible persons (collectively, the "2020 Options Grantees"), to subscribe for a total of 285,840,000 shares of the Company, subject to acceptance of the 2020 Options Grantees, under the Share Option Scheme. Out of 285,840,000 shares of 2020 Share Options granted, a total of 6,300,000 shares were granted to directors of the Company. The exercise price is HK$18.724 per share.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

29. SHARE CAPITAL *(continued)*

Share-based Payments *(continued)*

Share Option Scheme of the Company *(continued)*

One-third of the 2020 Share Options granted may be vested on each of 24 November 2022, 24 November 2023 and 24 November 2024 subject to the exercise conditions under the terms of the Share Option Scheme. The closing price of 2020 Share Options on the date of grant was HK$17.96 per share.

On 11 November 2021, the Company offered to grant share options (the "2021 Share Options") to certain eligible persons (collectively, the "2021 Options Grantees"), to subscribe for a total of 7,130,000 shares of the Company, subject to acceptance of the 2021 Options Grantees, under the Share Option Scheme. Out of 7,130,000 shares of 2021 Share Options granted, a total of 1,600,000 shares were granted to a director of the Company. The exercise price is HK$18.70 per share.

One-third of the 2021 Share Options granted may be vested on each of 11 November 2023, 11 November 2024 and 11 November 2025 subject to the exercise conditions under the terms of the Share Option Scheme. The closing price of 2021 Share Options on the date of grant was HK$18.70 per share.

The fair values of the 2018 Share Options on 29 June 2018, the 2020 Share Options on 24 November 2020 and the 2021 Share Options on 11 November 2021 determined using the Binomial Options Pricing Model were HK$6.36, HK$2.64 and HK$2.89 per share, respectively. The significant inputs adopted in the model include:

Risk-free rate	2018 Share Options: 2.12% with reference to the market yield rates of the Hong Kong Government Bond (maturing 21 June 2021 and 6 December 2021) as of 29 June 2018 2020 Share Options: 0.34% with reference to the market yield rates of the Hong Kong Government Bond (maturing 20 August 2025 and 27 August 2027) as of 24 November 2020 2021 Share Options: 1.42% with reference to the Hong Kong Dollar Swap Rate (5Y and 7Y) as of 11 November 2021
Historical volatility	31.91%, 31.89% and 31.31% calculated based on the historical price with a period equals to the life of the 2018, 2020 and 2021 Share Options, respectively
Cap of the share-based payments	40% of the respective Grantees' remuneration for the 2018 Share Options
Dividend yield	3.09%, 5.68% and 6.31% based on the average dividend yield in the past six years for the 2018, 2020 and 2021 Share Options, respectively
Expected option life	6 years for 2018, 2020 and 2021 Share Options

The Binomial Options Pricing Model for the share options requires inputs of subjective assumptions such as the expected stock price volatility. Change in the subjective input may materially affect the fair value estimates.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

29. SHARE CAPITAL *(continued)*

Share-based Payments *(continued)*

Share Option Scheme of the Company *(continued)*

Set out below are movements of the share option under the Share Option Scheme:

	2025		2024	
	Average exercise price per share	**Number of share options**	Average exercise price per share	Number of share options
At 1 January	–	–	HK$21.44	139,430,500
Lapsed/forfeited during the year *(Note (a))*	–	–	HK$25.41	(56,692,500)
Cancelled during the year *(Note (b))*	–	–	HK$18.72	(82,738,000)
At 31 December	–	–	–	–

Notes:

(a) A total of 51,440,500 shares of 2018 Share Options were expired and have been lapsed during the year ended 31 December 2024. The remainder of 5,252,000 shares represented Share Options forfeited upon the resignation of certain eligible persons which the Share Options were exercisable during the year ended 31 December 2024.

(b) During the year ended 31 December 2024, all the remaining 2020 Share Options and 2021 Share Options had been cancelled in accordance with the exercise conditions under the terms of the Share Option Scheme.

No options were granted and exercised during both years.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

30. ACQUISITION OF A SUBSIDIARY

According to a sale and purchase agreement dated 5 September 2025 entered into between the Group and four third parties independent of the Group, the Group acquired 50.5% equity interest in and certain shareholders' loans advanced to 上海新東安企業發展有限公司 ("Shanghai Xin Dong'an") for a total cash consideration of RMB7,340,684,000. Shanghai Xin Dong'an is a limited liability company established in the PRC and its principal activity is holding a parcel of land in Shanghai for property development. The acquisition was completed on 24 October 2025 and the total consideration for the acquisition was adjusted to RMB7,867,187,000 as a result of an increase in the shareholders' loans acquired on completion. A gain on bargain purchase of a subsidiary of RMB629,612,000 was recognised in the consolidated income statement during the year.

The fair values of the identifiable assets and liabilities of Shanghai Xin Dong'an as at the date of the acquisition were as follows:

	2025 RMB'000
Stock of properties	37,630,000
Bank balances and cash	10,079
Trade and other payables	(105,758)
Amounts due to non-controlling shareholders	(4,990,122)
Bank loans	(20,158,000)
Deferred tax liabilities	(550,976)
Total identifiable assets and liabilities at fair value	11,835,223
Non-controlling interests	3,338,424
Gain on bargain purchase of a subsidiary *(Note 6)*	629,612
Total consideration	7,867,187
Satisfied by cash consideration paid during the year	7,867,187
Analysis of net cash outflow in respect of the acquisition of the subsidiary:	
Cash consideration paid during the year	(7,867,187)
Cash and cash equivalents acquired	10,079
Net outflow of cash and cash equivalents in respect of acquisition of a subsidiary	(7,857,108)

The subsidiary acquired had no significant contribution to the Group's revenue and profit for the year ended 31 December 2025.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

31. DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2025, the Group has the following two transactions for the disposal of subsidiaries:

(i) According to a sale and purchase agreement dated 21 February 2025 entered into between the Group and a third party independent of the Group, the Group disposed of 100% equity interest in and certain shareholder's loans advanced to Great Fortune Property Limited for a total cash consideration of GBP175,000,000 (equivalent to RMB1,602,274,000). Great Fortune Property Limited is a limited liability company incorporated in Jersey and its principal activity is property investment in the United Kingdom. The disposal was completed on 21 February 2025, and resulted in a gain on disposal of a subsidiary of RMB261,641,000, which was recognised in the consolidated income statement for the current year; and

(ii) According to a sale and purchase agreement dated 29 September 2025 entered into between the Group and a third party independent of the Group, the Group disposed of 100% equity interest in 佛山海映商業管理有限公司 ("Foshan Haiying") for a cash consideration of RMB1,388,180,000. Foshan Haiying is a limited liability company incorporated in the PRC and its principal activity is property investment in Chinese mainland. The disposal was completed on 21 October 2025, and resulted in a gain on disposal of a subsidiary of RMB330,147,000, which was recognised in the consolidated income statement.

The net assets disposed of as a result of the above disposals are summarised as follows:

	2025 RMB'000
Property, plant and equipment	2,710
Investment properties	2,564,724
Bank balances and cash	118,427
Trade and other receivables	30,462
Trade and other payables	(80,070)
Bank loans	(174,676)
Income tax liabilities	(5,774)
Deferred tax liabilities	(112,870)
Net assets of subsidiaries disposed of	2,342,933
The gains on disposal of subsidiaries are calculated as follows:	
Cash consideration received	2,990,454
Exchange fluctuation reserve recycled to profit or loss	(55,733)
Net assets of subsidiaries disposed of	(2,342,933)
Gains on disposal of subsidiaries *(Note 6)*	591,788
Analysis of net cash inflow in respect of disposal of subsidiaries:	
Cash consideration received during the year	2,990,454
Cash and cash equivalents disposed of	(118,427)
Net inflow of cash and cash equivalents in respect of disposal of subsidiaries	2,872,027

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities are as follows:

	Bank loans RMB'000	Guaranteed notes and corporate bonds RMB'000	Accrued interest included in trade and other payables RMB'000	Amounts due to fellow subsidiaries RMB'000	Amounts due to associates RMB'000	Amounts due to joint ventures RMB'000	Amounts due to non-controlling shareholders RMB'000	Lease liabilities RMB'000
At 1 January 2024	165,297,894	92,366,242	1,212,874	2,565,938	4,228,149	4,024,969	8,648,674	1,054,664
Financing cash flow	194,806	(17,745,780)	(8,969,497)	(1,108,860)	1,258,250	(93,298)	4,923,891	(109,827)
Other non-cash movements	21,665	18,895	8,787,751	–	–	(93,631)	144,865	36,970
Exchange realignment	642,631	767,625	6,125	18,121	–	365	–	1,402
At 31 December 2024 and 1 January 2025	**166,156,996**	**75,406,982**	**1,037,253**	**1,475,199**	**5,486,399**	**3,838,405**	**13,717,430**	**983,209**
Financing cash flow	**(12,977,222)**	**(163,583)**	**(6,943,713)**	**(144,652)**	**(2,058,153)**	**959**	**(1,059,687)**	**(97,199)**
Acquisition of a subsidiary *(Note 30)*	**20,158,000**	**–**	**–**	**–**	**–**	**–**	**4,990,122**	**–**
Disposal of subsidiaries *(Note 31)*	**(174,676)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other non-cash movements	**70,932**	**15,909**	**6,916,412**	**–**	**52,980**	**11,614**	**(4,498,528)**	**(553,835)**
Exchange realignment	**(313,417)**	**(804,487)**	**(13,129)**	**(14,220)**	**–**	**(1,363)**	**–**	**(1,224)**
At 31 December 2025	**172,920,613**	**74,454,821**	**996,823**	**1,316,327**	**3,481,226**	**3,849,615**	**13,149,337**	**330,951**

33. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments which were not provided for in the financial statements:

	2025 RMB'000	2024 RMB'000
Capital expenditure in respect of investment properties:		
Contracted but not provided for	**5,781,835**	6,574,067

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

34. FINANCIAL GUARANTEES

At the end of the reporting period, the Group had the following financial guarantees which were not provided for in the financial statements:

(a) Guarantees given by the Group to banks in respect of credit facilities granted to:

	2025 RMB'000	2024 RMB'000
Associates		
– Maximum	**9,710**	31,145
– Utilised	**9,710**	31,145
Joint ventures		
– Maximum	**1,539,114**	11,616,339
– Utilised	**1,526,550**	10,695,801
An entity classified as a financial asset at fair value through profit or loss		
– Maximum	**440,000**	322,000
– Utilised	**285,486**	264,737

(b) At 31 December 2025, the Group had counter indemnities amounting to RMB2,797,983,000 (2024: RMB1,716,493,000) for guarantees issued in respect of certain construction contracts undertaken by the Group.

(c) At 31 December 2025, the Group provided guarantees to banks amounting to RMB12,779,306,000 (2024: RMB45,042,822,000) in respect of mortgage loans granted to purchasers of the Group's properties.

The directors of the Company considered that the fair values of these financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant on the basis of short maturity periods and low applicable default rates.

35. PLEDGE OF ASSETS

At the end of the reporting period, certain assets of the Group have been pledged to secure the bank loans of the Group. The carrying amounts of the pledged assets as at 31 December 2025 and 2024 were as follows:

	2025 RMB'000	2024 RMB'000
Property, plant and equipment	**3,381,064**	2,067,369
Investment properties	**125,975,911**	98,780,237
Stock of properties	**38,638,604**	37,813,991
	167,995,579	138,661,597

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

36. RELATED PARTY DISCLOSURES

(a) In addition to those balances and transactions disclosed elsewhere in these financial statements, the following material related party transactions have been entered into by the Group during the year:

Nature of transaction	Notes	2025 RMB'000	2024 RMB'000
Fellow subsidiaries#			
Property development project construction fee	(a)	**2,914,252**	3,968,722
Rental and utility income	(b)	**361,029**	313,838
Heating pipe connection service fee	(a)	**3,962**	–
Building design consultancy income	(c)	**5,136**	7,387
Property management and value-added service fee	(c)	**1,276,928**	1,196,059
Material procurement and supply chain management service income	(c)	**906,541**	631,803
Interest income	(h)	**2,110**	240
Interest expense	(g)	**14,239**	7,211
Sales of properties	(f)	**16,117**	–
Sales of investment properties	(i)	**–**	43,362
Asset-light management service income	(c)	**12,361**	11,422
Associates			
Interest income	(d)	**16,747**	3,416
Royalty income	(e)	**173,208**	183,000
Lease payments	(b)	**15,201**	17,000
Building design consultancy income	(c)	**6,335**	2,816
Material procurement service income	(c)	**716,134**	777,765
Information technology service income	(c)	**6,415**	7,600
Joint ventures			
Interest income	(d)	**63,774**	124,010
Interest expense	(g)	**11,614**	11,646

Notes:

(a) Property development project construction fee and heating pipe connection service fee are charged in accordance with respective contracts. The amounts represent aggregate transaction amounts during the year in relation to contracts signed in the current and prior years.

(b) Rental and utility income and lease payments are charged in accordance with respective tenancy agreements.

(c) Building design consultancy income, property management and value-added service fee, material procurement and supply chain management service income, asset-light management service income, material procurement service income and information technology service income are charged in accordance with respective contracts.

(d) Interest income is charged at interest rates as specified in notes 18 and 22 on the outstanding amounts.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

36. RELATED PARTY DISCLOSURES *(continued)*

(a) *(continued)*

Notes: *(continued)*

(e) Royalty income is charged at annual fee as specified in the contracts.

(f) The Group entered into various sale and purchase agreements with certain subsidiaries of China Overseas Property Holdings Limited, a fellow subsidiary of the Company, for the disposal of car parking spaces in the Chinese mainland.

(g) Interest expense is charged at interest rates as specified in notes 22 and 24 on the outstanding amounts.

(h) Interest income is charged at interest rates as specified in note 23 on the deposits placed with CSCFL.

(i) The considerations for the sale of investment properties are charged in accordance with the relevant sale and purchase agreements.

These related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) The remuneration of the Company's directors and other members of key management personnel of the Group during the year was as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits-in-kind	**25,500**	26,838
Performance related bonuses	**12,090**	13,955
Defined contribution scheme contributions	**2,107**	1,309
	39,697	42,102

(c) Transactions with other state-owned entities in the PRC

The Group operates in an economic environment predominated by entities directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively "Other SOEs"). During the year, the Group has transactions with Other SOEs including, but not limited to, sale and leasing of properties, acquisition of land, bank deposits and borrowings, and utility consumption. The directors consider that the transactions with the Other SOEs are activities in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and the Other SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are Other SOEs. Having due regard to the substance of the relationships, save as those transactions disclosed in note (a) above and elsewhere in these financial statements, the Company's directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

37. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy for capital management remains unchanged during each of the years ended 31 December 2025 and 2024.

The capital structure of the Group consists of debt (which mainly includes bank loans and guaranteed notes and corporate bonds, as disclosed in notes 24 and 25, respectively), bank balances and cash and total equity, comprising share capital, retained profits, other reserves and non-controlling interests.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company assess budgets of major projects, taking into account the provision of funding. Based on the operating budgets, the directors of the Company consider the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the payment of dividends, issue of new share as well as new debt financing or the redemption of existing debt.

The Group monitors its capital structure on a basis of the Group's net gearing ratio, which is calculated as net debt divided by total equity. For this purpose, the Group defines net debt as total debt less bank balances and cash.

The net gearing as at the end of the reporting period was as follows:

	2025 RMB'000	2024 RMB'000
Bank loans	**172,920,613**	166,156,996
Guaranteed notes and corporate bonds	**74,454,821**	75,406,982
Total debt	**247,375,434**	241,563,978
Less: Bank balances and cash	**(103,627,513)**	(124,168,228)
Net debt	**143,747,921**	117,395,750
Total equity (including non-controlling interests)	**419,899,162**	401,829,998
Net gearing ratio	**34.2%**	29.2%

In addition, the Group has established supplier finance arrangements to manage its working capital, details of which are included in note 26.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

38. FINANCIAL INSTRUMENTS

(a) Categories of Financial Instruments

	2025 RMB'000	2024 RMB'000
Financial assets		
Financial assets at amortised cost (including bank balances and cash)	**138,057,281**	153,875,192
Financial assets at fair value through profit or loss	**236,327**	288,382
Financial liabilities		
Financial liabilities at amortised cost	**319,492,164**	319,906,795

(b) Financial Risk Management Objectives and Policies

The Group's major financial instruments include bank loans, guaranteed notes and corporate bonds, trade and other receivables, trade and other payables, balances with related companies, financial assets at fair value through profit or loss, bank balances and cash, and lease liabilities.

Management monitors and manages the financial risks relating to the Group through internal risk assessment which analyses exposures by the degree and magnitude of risks. These risks include market risk (including interest rate risk and currency risk), credit risk and liquidity risk. Management manages and monitors these exposures to ensure that appropriate measures are implemented in a timely and effective manner.

There has been no change to the Group's exposure to these kinds of risks or the manner in which the Group manages and measures these risks.

(i) Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates and changes in foreign exchange rates.

Interest rate risk

The Group's cash flow interest rate risk mainly arises from its variable-rate bank loans, and other receivables amounting to RMB140,222,742,000 (2024: RMB129,642,469,000), and RMB147,024,000 (2024: RMB183,898,000), respectively. The variable-rate bank loans with original maturities from one to more than ten years are for financing development of property projects. An increase in interest rate would increase interest expenses.

The Group's fair value interest rate risk relates primarily to its fixed-rate bank loans, guaranteed notes and corporate bonds, amounts due to joint ventures and non-controlling shareholders, and amounts due from joint ventures amounting to RMB32,697,871,000 (2024: RMB36,514,527,000), RMB74,454,821,000 (2024: RMB75,406,982,000), RMB618,117,000 (2024: RMB858,513,000) and RMB1,696,045,000 (2024: RMB2,874,650,000), respectively.

Management monitors the above interest rate exposure on a dynamic basis and will consider hedging significant interest rate exposure should the need arise.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

38. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial Risk Management Objectives and Policies *(continued)*

(i) Market risk *(continued)*

Interest rate risk *(continued)*

Interest rate risk sensitivity analysis

A sensitivity analysis is prepared assuming that the amount of assets/liabilities outstanding as at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used as it represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 (2024: 100) basis points higher/lower and all other variables were held constant, the Group's profit for the year and total equity as at the end of the reporting period would have decreased/increased by RMB115,096,000 (2024: RMB105,813,000) after capitalising finance costs in properties under development and investment properties under construction of RMB1,016,033,000 (2024: RMB934,031,000). This is mainly attributable to the Group's exposure to cash flow interest rate risk on its variable-rate bank loans and other receivables.

Currency risk

The Group undertakes certain transactions denominated in foreign currencies. The currencies giving rise to exchange rate fluctuation risk are primarily HK$-denominated bank loans, and HK$ and US$-denominated guaranteed notes and corporate bonds, which in aggregate accounted for 12.3% (2024: 17.7%) of the Group's interest-bearing debt as at 31 December 2025. Management manages its foreign currency risk by closely reviewing the movement of the foreign currency rates and considers hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, mainly comprising amounts due from joint ventures, bank balances and cash, bank loans and guaranteed notes and corporate bonds, as at the end of the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
Assets		
HK$	**574,454**	887,964
US$	**470,755**	382,141
Liabilities		
HK$	**6,026,905**	15,460,839
US$	**24,365,628**	27,319,236

Currency risk sensitivity analysis

The Group mainly exposes to the currency risk of US$ and HK$. The following details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in the exchange rate of the functional currencies of group entities against US$ and HK$, respectively. 5% (2024: 5%) is the sensitivity rate used as it represents management's assessment of the reasonably possible change in foreign exchange rates.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

38. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial Risk Management Objectives and Policies *(continued)*

(i) Market risk *(continued)*

Currency risk *(continued)*

Currency risk sensitivity analysis (continued)

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2024: 5%) change in foreign currency rates. The sensitivity analysis includes amounts due from joint ventures, bank balances and cash, bank loans and guaranteed notes and corporate bonds in currencies other than the functional currencies of the group entities.

For a 5% (2024: 5%) decrease in the exchange rates of functional currencies of group entities against US$ and HK$, all other variables were held constant, the Group's profit for the year and total equity as at the end of the reporting period would have decreased by RMB104,715,000 (2024: RMB673,077,000) after an increase in capitalising of exchange losses in properties under development of Nil (2024: RMB3,262,000).

For a 5% (2024: 5%) increase in the exchange rates of functional currencies of group entities against US$ and HK$, all other variables were held constant, the Group's profit for the year and total equity as at the end of the reporting period would have increased by RMB104,715,000 (2024: RMB325,183,000) after a decrease in capitalising of exchange losses in properties under development of Nil (2024: RMB351,156,000).

In management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Credit risk

Credit risk of the Group mainly arises from financial assets measured at amortised cost and the financial guarantees provided by the Group to third parties. At 31 December 2025, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is the respective carrying amounts of the financial assets recognised in the consolidated statement of financial position; and the amounts of financial guarantees issued by the Group, as disclosed in note 34.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amounts of each individual trade and other receivable at the end of the reporting period to ensure that adequate impairment provisions are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

The credit risk on bank deposits is limited because the counterparties are banks and other financial institutions with high credit ratings assigned by international credit-rating agencies or state-owned banks in the PRC.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

38. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial Risk Management Objectives and Policies *(continued)*

(ii) Credit risk *(continued)*

For the trade receivables arising from sale of properties, the Group managed the credit risk by full cash settlement or completion of purchasers' mortgage loan financing procedures before delivery of properties. The Group closely monitors the collection of progress payments from customers in accordance with the payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

For other receivables, amounts due from associates, joint ventures and non-controlling shareholders, the Group does not have any significant concentration of credit risk. The Group would closely monitor the financial positions including the net assets backing of the associates, joint ventures and non-controlling shareholders, which are mainly engaged in property development business in Hong Kong and the Chinese mainland and their property development projects are profitable. Based on the above assessment, management considered that the expected credit loss is minimal and the directors of the Company are of the opinion that the risk of default by counterparties is low, except for the impairment losses made on the amounts due from joint ventures and associates of RMB1,966,532,000 as at 31 December 2025 (2024: RMB1,864,291,000).

Except for trade receivables and contract assets for which the loss allowances are measured at an amount equal to lifetime expected credit losses under simplified approach, the loss allowances of other financial assets are measured at an amount equal to 12-month expected credit losses.

(iii) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains an adequate level of cash and cash equivalents to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on bank loans and guaranteed notes and corporate bonds as significant sources of liquidity. At 31 December 2025, the Group maintains substantial undrawn committed revolving banking facilities to allow for flexibility in meeting its funding requirements.

The following table analyses the contractual undiscounted cash flows of the Group's financial liabilities by relevant maturity groupings based on the remaining period from the end of the reporting period to the earliest date the Group is required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rates, the undiscounted amount is derived from the flat rates as at the end of the reporting period. The undiscounted amounts are subject to changes if changes in variable rates differ to those estimates of interest rates determined as at the end of the reporting period.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

38. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial Risk Management Objectives and Policies *(continued)*

(iii) Liquidity risk *(continued)*

	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2025						
Trade and other payables	45,472,542	1,649,308	2,435,038	432,386	49,989,274	49,989,274
Amounts due to fellow subsidiaries	1,316,327	–	–	–	1,316,327	1,316,327
Amounts due to associates	3,481,226	–	–	–	3,481,226	3,481,226
Amounts due to joint ventures	3,862,907	–	–	–	3,862,907	3,849,615
Amounts due to non-controlling shareholders	13,149,337	–	–	–	13,149,337	13,149,337
Bank loans	34,881,870	64,544,203	60,033,859	26,000,091	185,460,023	172,920,613
Guaranteed notes and corporate bonds	12,716,340	17,167,081	38,340,895	20,042,805	88,267,121	74,454,821
Lease liabilities	95,178	78,478	164,939	23,242	361,837	330,951
Financial guarantee contracts	15,819,753	620,749	619,180	506,431	17,566,113	–
	130,795,480	84,059,819	101,593,911	47,004,955	363,454,165	319,492,164
At 31 December 2024						
Trade and other payables	48,290,578	1,650,900	2,800,533	344,935	53,086,946	52,842,175
Amounts due to fellow subsidiaries	1,475,199	–	–	–	1,475,199	1,475,199
Amounts due to associates	5,486,399	–	–	–	5,486,399	5,486,399
Amounts due to joint ventures	3,851,038	–	–	–	3,851,038	3,838,405
Amounts due to non-controlling shareholders	13,733,691	–	–	–	13,733,691	13,717,430
Bank loans	21,169,063	36,894,288	90,039,930	34,792,638	182,895,919	166,156,996
Guaranteed notes and corporate bonds	14,576,490	12,352,084	41,637,268	21,991,380	90,557,222	75,406,982
Lease liabilities	115,265	112,015	266,576	797,880	1,291,736	983,209
Financial guarantee contracts	55,879,901	3,310,093	612,204	322,401	60,124,599	–
	164,577,624	54,319,380	135,356,511	58,249,234	412,502,749	319,906,795

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangements if those amounts are claimed by the counterparty to the Group. Based on expectations at the end of the reporting period, the Group considers that it is more likely that no amount will be payable under these guarantee arrangements. However, the expectation is subject to change depending on the probability of suffering credit losses by the counterparty claiming under the guarantees.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

38. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair Value

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique, as further detailed in note 3 under the accounting policy "Fair value measurement".

During the year, there were no transfers between different levels with the fair value hierarchy.

	2025 Level 3 RMB'000	2024 Level 3 RMB'000
Financial assets at fair value through profit or loss	**236,327**	288,382

The fair value of the unlisted equity investment designated at fair value through profit or loss has been estimated using a market-based valuation technique, based on assumptions that are not supported by observable market prices or rates. The valuation technique and the inputs, including significant unobservable inputs, used in the fair value measurement of the unlisted equity investment are not disclosed as such disclosures, in the opinion of the directors, would result in particulars of excessive length and provide no additional useful information to the users of the financial statements.

(ii) Financial assets and liabilities carried at other than fair value

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values, except for the guaranteed notes and corporate bonds as disclosed in the following table:

	2025		2024	
	Carrying amount RMB'000	**Fair value RMB'000**	Carrying amount RMB'000	Fair value RMB'000
Guaranteed notes and corporate bonds	**74,454,821**	**74,450,656**	75,406,982	75,002,882

The fair values of the guaranteed notes and corporate bonds are measured at quoted market prices and are within level 1 of the three-level fair value hierarchy.

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2025 are as follows:

Name of entity	Issued and paid up capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
		Directly (%)	Indirectly (%)	
Carmelite Riverside London S.à r.l. [iv]	GBP15,000	–	100	Commercial property operations
China Overseas Finance (Cayman) III Limited [iii]	US$1	100	–	Issuance of guaranteed notes
China Overseas Finance (Cayman) V Limited [iii]	US$1	100	–	Issuance of guaranteed notes
China Overseas Finance (Cayman) VI Limited [iii]	US$1	100	–	Issuance of guaranteed notes
China Overseas Finance (Cayman) VII Limited [iii]	US$1	100	–	Issuance of guaranteed notes
China Overseas Finance (Cayman) VIII Limited [iii]	US$1	100	–	Issuance of guaranteed notes
China Overseas Project Development Limited	HK$5,000,000	100	–	Loan financing, investment holding and security investments
China Overseas Property Limited	HK$1,000	100	–	Investment holding, property consultancy and real estate agency
China Overseas (Zhong Guo) Limited	HK$50,000,000	–	100	Investment holding
Maxjet Company Limited	HK$10	–	100	Property development
One Finsbury Circus London Propco S.à r.l. [iv]	GBP12,024	–	100	Commercial property operations
天威投資置業有限公司[v]	MOP25,000	–	100	Commercial property operations
中海企業發展集團有限公司[i]	RMB20,000,000,000	–	100	Property development, commercial property operations, and investment holding
中海深圳房地產開發有限公司[ii]	RMB2,210,000,000	–	100	Property development
深圳市中海啟明房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
深圳市海奕房地產開發有限公司[ii]	RMB100,000,000	–	51	Property development
深圳市海瑞房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
深圳市啟潮房地產開發有限公司[ii]	RMB360,000,000	–	100	Property development and commercial property operations
深圳市潤海發展房地產有限公司[ii]	RMB19,300,000,000	–	50*	Property development
廣州中海盛安房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
廣州中海盛榮房地產開發有限公司[ii]	RMB2,830,000,000	–	100	Property development
廣州利合房地產開發有限公司[ii]	RMB2,059,376,984	–	100	Property development and commercial property operations
廣州啟瑞房地產開發有限公司[ii]	RMB3,000,000,000	–	90	Property development
廣州粵合房地產開發有限公司[ii]	RMB2,000,000,000	–	50*	Property development
佛山中海千燈湖房地產開發有限公司[ii]	RMB2,020,000,000	–	100	Property development
佛山市中海環宇城商業管理有限公司[ii]	RMB20,000,000	–	100	Commercial property operations
佛山市順德中海嘉森房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development and commercial property operations
肇慶中海嘉興房地產開發有限公司[ii]	RMB2,170,000,000	–	100	Property development
長沙潤江置業有限公司[ii]	RMB30,000,000	–	100	Property development
長沙潤湘置業開發有限公司[ii]	RMB2,030,000,000	–	100	Property development
湖南省中海城市廣場投資有限公司[ii]	RMB2,100,000,000	–	100	Property development and commercial property operations
廈門中海海泰地產有限公司[ii]	RMB10,000,000	–	100	Property development
廈門中海嘉業地產有限公司[ii]	RMB2,010,000,000	–	100	Property development

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of entity	Issued and paid up capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
		Directly (%)	Indirectly (%)	
福州中海地產有限公司[iii]	RMB30,000,000	–	100	Property development and hotel operation
海口中海興業房地產開發有限公司[iii]	RMB10,000,000	–	100	Property development
中海鼎業（萬寧）房地產有限公司[i]	US$86,000,000	–	99.9	Property development
萬寧仁和發展有限公司[i]	US$206,200,000	–	99.9	Property development and hotel operation
萬寧金信發展有限公司[i]	US$53,200,000	–	99.9	Hotel operation
珠海市中海永福通商業管理有限公司[iii]	RMB20,000,000	–	100	Commercial property operations
珠海市海悅房地產開發有限公司[iii]	RMB200,000,000	–	80	Property development
廣逸房地產開發（珠海）有限公司[i]	HK$100,000,000	–	100	Commercial property operations
東莞市中海嘉朗房地產開發有限公司[iii]	RMB10,000,000	–	100	Property development
東莞市中海嘉麟房地產開發有限公司[iii]	RMB10,000,000	–	100	Property development
上海中建投資有限公司[iii]	RMB450,000,000	–	51	Commercial property operations
上海中海海昆房地產有限公司[iii]	RMB10,000,000	–	100	Property development and commercial property operations
上海中海海華房地產有限公司[iii]	RMB10,000,000	–	98	Property development
上海申和臻悅房地產開發有限公司[iii]	RMB10,000,000	–	100	Property development
上海金海伊上房地產開發有限公司[iii]	RMB10,000,000	–	100	Property development and commercial property operations
上海悅盈築房地產有限公司[iii]	RMB1,220,000,000	–	100	Property development
上海浦樾房地產開發有限公司[iii]	RMB20,000,000	–	100	Property development
上海海升環盛房地產開發有限公司[iii]	RMB10,000,000	–	70	Property development and commercial property operations
上海海尚西岸城市建設發展有限公司[iii]	RMB10,000,000	–	85	Property development
上海海悅數智城市建設發展有限公司[iii]	RMB612,200,000	–	85	Commercial property operations
上海海瓴房地產有限公司[iii]	RMB1,720,000,000	–	100	Property development
上海海盛西岸城市建設發展有限公司[iii]	RMB7,000,000,000	–	85	Property development and commercial property operations
上海海匯房地產開發有限公司[iii]	RMB3,676,840,000	–	70	Commercial property operations
上海海璟房地產有限公司[iii]	RMB10,000,000	–	100	Property development
上海新東安企業發展有限公司[iii]	RMB1,000,000,000	–	50.5	Property development
上海寰宇匯商業管理有限公司[i]	US$196,000,000	–	100	Commercial property operations
南京中海地產有限公司[iii]	RMB10,000,000	–	100	Property development
南京海方房地產開發有限公司[iii]	RMB20,000,000	–	100	Property development and commercial property operations
南京海匯房地產開發有限公司[iii]	RMB20,000,000	–	100	Commercial property operations
南京海潤房地產開發有限公司[i]	US$10,000,000	–	100	Commercial property operations
南京領潮房地產開發有限公司[iii]	RMB10,000,000	–	100	Property development
中海海通（蘇州）房地產有限公司[iii]	RMB500,000,000	–	100	Property development and commercial property operations
中海海隆商業管理（蘇州）有限公司[iii]	RMB1,620,000,000	–	100	Commercial property operations
中海發展（蘇州）有限公司[i]	RMB530,000,000	–	100	Property development and commercial property operations

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of entity	Issued and paid up capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
		Directly (%)	Indirectly (%)	
蘇州非凡城市置業有限公司[iii]	RMB50,000,000	–	50*	Property development
蘇州海卓房地產有限公司[iii]	RMB20,000,000	–	100	Property development
蘇州澤安商業發展有限公司[i]	RMB20,000,000	–	100	Commercial property operations
無錫海隆房地產有限公司[iii]	RMB20,000,000	–	100	Property development
寧波中海海和房地產有限公司[iii]	RMB20,000,000	–	100	Property development
寧波中海海潤置業有限公司[iii]	RMB20,000,000	–	100	Property development and commercial property operations
寧波海聯房地產有限公司[iii]	RMB320,000,000	–	100	Property development
杭州海涌置業有限公司[iii]	RMB1,000,000,000	–	100	Property development
杭州海軒房地產開發有限公司[iii]	RMB10,000,000	–	100	Property development
濟南中海城房地產開發有限公司[iii]	RMB30,000,000	–	100	Property development
濟南中海海瀛投資有限公司[iii]	RMB325,000,000	–	65	Property development
濟南中海華山商業地產有限公司[i]	RMB500,000,000	–	100	Property development and commercial property operations
濟南中海華山置業有限公司[iii]	RMB31,000,000	–	100	Property development
濟南中海豪峰房地產開發有限公司[iii]	RMB31,000,000	–	100	Property development
濟南海璽房地產開發有限公司[iii]	RMB10,000,000	–	100	Property development
濟南寰宇商業運營管理有限公司[i]	RMB35,000,000	–	100	Commercial property operations
中海地產（青島）投資開發有限公司[i]	US$69,800,000	–	100	Commercial property operations
青島博萊置業有限公司[iii]	RMB560,000,000	–	100	Property development
台州中海海融房地產有限公司[iii]	RMB420,000,000	–	100	Property development
北京中信房地產有限公司[iii]	RMB50,000,000	–	100	Property development and commercial property operations
北京中信新城房地產有限公司[iii]	RMB500,000,000	–	80	Property development
北京中海未來置業有限公司[iii]	RMB2,600,000,000	–	80	Property development
北京中海地產有限公司[iii]	RMB50,000,000	–	100	Property development and commercial property operations
北京中海金石房地產開發有限公司[iii]	RMB10,000,000	–	100	Commercial property operations
北京中海盈通房地產開發有限公司[iii]	RMB10,000,000	–	100	Property development
北京中海盈智房地產開發有限公司[iii]	RMB10,000,000	–	100	Property development and commercial property operations
北京中海盈豐房地產開發有限公司[iii]	RMB10,000,000	–	100	Property development
北京中海廣場商業發展有限公司[iii]	RMB30,000,000	–	100	Commercial property operations
北京中海鑫海房地產開發有限公司[iii]	RMB10,000,000	–	100	Property development and commercial property operations
北京仁和燕都房地產開發有限公司[iii]	RMB40,000,000	–	100	Commercial property operations
北京永鑫興業房地產開發有限公司[iii]	RMB3,510,000,000	–	100	Property development
北京安泰興業置業有限公司[iii]	RMB10,000,000	–	100	Property development and commercial property operations
北京盈澤房地產開發有限公司[iii]	RMB10,000,000	–	100	Property development
北京盈臻房地產開發有限公司[iii]	RMB10,000,000	–	100	Property development
北京虹豐置業有限公司[iii]	RMB4,400,000,000	–	95	Property development
北京海望商業發展有限公司[iii]	RMB110,000,000	–	100	Commercial property operations

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of entity	Issued and paid up capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
		Directly (%)	Indirectly (%)	
北京海鑫興業房地產開發有限公司[iii]	RMB10,000,000	–	100	Property development
北京奧城四季商業發展有限公司[iii]	RMB830,000,000	–	100	Commercial property operations
北京新鑫興業房地產開發有限公司[iii]	RMB10,000,000	–	100	Property development
北京鑫安興業房地產開發有限公司[iii]	RMB10,000,000	–	100	Property development and commercial property operations
北京鑫景通達商業發展有限公司[iii]	RMB210,000,000	–	100	Commercial property operations
星旅（北京）房地產開發有限公司[iii]	RMB3,000,000,000	–	70	Property development
中海保利達地產（天津）有限公司[i]	US$49,500,000	–	51	Property development and commercial property operations
天津中海天嘉湖房地產開發有限公司[iii]	RMB4,000,000,000	–	100	Property development
天津中海地產開發有限公司[iii]	RMB30,000,000	–	100	Property development
天津中海海佑地產有限公司[iii]	RMB330,000,000	–	100	Property development and commercial property operations
天津中海海拓地產有限公司[iii]	RMB30,000,000	–	100	Property development
天津中海海盛地產有限公司[i]	RMB840,000,000	–	100	Property development and commercial property operations
天津中海海豪地產有限公司[iii]	RMB30,000,000	–	100	Property development
天津中海商業管理有限公司[iii]	RMB30,000,000	–	100	Commercial property operations
長春海勝房地產開發有限公司[iii]	RMB50,000,000	–	100	Property development
長春海瀛房地產開發有限公司[iii]	RMB20,000,000	–	100	Property development
大連中海海港投資有限公司[iii]	RMB300,000,000	–	80	Property development
中海地產（瀋陽）有限公司[i]	US$5,000,000	–	100	Property development and commercial property operations
瀋陽中海海順房地產開發有限公司[iii]	RMB20,000,000	–	100	Property development
瀋陽中海海嘉房地產開發有限公司[iii]	RMB470,000,000	–	100	Property development
瀋陽中海鼎業房地產開發有限公司[i]	US$5,000,000	–	100	Property development and commercial property operations
瀋陽中海福華房地產開發有限公司[iii]	RMB20,000,000	–	100	Property development
瀋陽中海興業房地產開發有限公司[iii]	RMB2,023,982,341	–	100	Property development and commercial property operations
石家莊中海新石房地產開發有限公司[iii]	RMB10,000,000	–	100	Property development
中海佳隆成都房地產開發有限公司[iii]	RMB50,000,000	–	100	Property development and commercial property operations
中海振興（成都）物業發展有限公司[i]	US$89,800,000	–	100	Property development and commercial property operations
成都海贏房地產開發有限公司[iii]	RMB20,000,000	–	100	Property development
西安中海海潤房地產有限公司[iii]	RMB10,000,000	–	100	Property development
重慶中海海繪房地產開發有限公司[iii]	RMB20,000,000	–	100	Property development
重慶中海海耀房地產開發有限公司[iii]	RMB20,000,000	–	100	Property development
重慶信悅置業有限公司[iii]	RMB20,000,000	–	100	Property development
重慶海躍置業有限公司[i]	RMB2,395,404,280	–	100	Property development
重慶嘉江房地產開發有限公司[i]	US$5,000,000	–	60	Property development
太原中海仲興房地產開發有限公司[iii]	RMB50,000,000	–	100	Property development

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of entity	Issued and paid up capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
		Directly (%)	Indirectly (%)	
太原中海凱源房地產開發有限公司[ii]	RMB10,000,000	–	100	Property development
太原冠澤置業有限公司[ii]	RMB200,000,000	–	100	Commercial property operations
武漢中海海盛房地產有限公司[ii]	RMB20,000,000	–	100	Property development
武漢中海海融房地產有限公司[ii]	RMB20,000,000	–	100	Property development
武漢中海鼎盛房地產有限公司[ii]	RMB20,000,000	–	100	Property development and commercial property operations
武漢海訊產城企業管理有限公司[ii]	RMB10,000,000	–	99	Property development
鄭州中海地產有限公司[ii]	RMB20,000,000	–	100	Property development
鄭州海越房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development
昆明海祥房地產開發有限公司[ii]	RMB100,000,000	–	100	Property development and commercial property operations
昆明海潮房地產開發有限公司[ii]	RMB20,000,000	–	100	Property development
貴陽中海房地產有限公司[ii]	RMB20,000,000	–	100	Property development

Notes:

(i) Foreign investment enterprise registered in the PRC

(ii) Limited liability company registered in the PRC

(iii) Incorporated in the Cayman Islands and operating in Hong Kong

(iv) Incorporated and operating in Luxembourg

(v) Incorporated and operating in Macau

* Accounted for as a subsidiary by virtue of the Company's control over it.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

All subsidiaries registered in the PRC are operating in the PRC. Unless otherwise specified, all other subsidiaries are incorporated and operating principally in Hong Kong.

None of the subsidiaries had any debt securities in issue at the end of the year except for guaranteed notes and corporate bonds (note 25) issued by China Overseas Finance (Cayman) III Limited (US$500,000,000), China Overseas Finance (Cayman) V Limited (US$300,000,000), China Overseas Finance (Cayman) VI Limited (US$500,000,000), China Overseas Finance (Cayman) VII Limited (US$750,000,000), China Overseas Finance (Cayman) VIII Limited (US$1,444,000,000 and RMB3,190,000,000) and 中海企業發展集團有限公司 (RMB46,900,258,000).

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		2025 RMB'000	2024 RMB'000
Non-current Assets			
Property, plant and equipment		**25,330**	44,794
Investments in subsidiaries		**3,239,472**	2,940,336
Total non-current assets		**3,264,802**	2,985,130
Current Assets			
Stock of properties		**58**	60
Other receivables		**1,577**	4,274
Deposits and prepayments		**10,560**	11,313
Amounts due from subsidiaries		**156,053,099**	156,124,193
Amounts due from associates		**410**	420
Amounts due from joint ventures		**4,305**	4,705
Bank balances and cash		**1,996,282**	3,490,389
Total current assets		**158,066,291**	159,635,354
Total Assets		**161,331,093**	162,620,484
Non-current Liabilities			
Lease liabilities		**8,636**	28,235
Bank loans		**44,879,402**	51,666,881
Other financial liabilities		**317,695**	415,009
Total non-current liabilities		**45,205,733**	52,110,125
Current Liabilities			
Other payables		**208,704**	175,471
Amounts due to subsidiaries		**17,277,456**	20,143,042
Lease liabilities		**18,900**	18,692
Income tax liabilities		**4,064**	4,063
Bank loans		**14,141,387**	3,693,188
Other financial liabilities		**222,921**	357,255
Total current liabilities		**31,873,432**	24,391,711
Total Liabilities		**77,079,165**	76,501,836
Net Assets		**84,251,928**	86,118,648
Equity			
Share capital		**74,035,443**	74,035,443
Reserves	*Note (a)*	**10,216,485**	12,083,205
Total Equity		**84,251,928**	86,118,648

The statement of financial position of the Company was approved by the Board of Directors on 31 March 2026 and was signed on its behalf by:

Yan Jianguo
Executive Director

Zhang Zhichao
Executive Director

Notes to the Financial Statements (continued)

For the year ended 31 December 2025

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

(a) Reserves of the Company

	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2024	322,348	15,424,551	15,746,899
Profit for the year and total comprehensive income for the year	–	3,834,427	3,834,427
2023 final dividend	–	(4,536,107)	(4,536,107)
2024 interim dividend	–	(2,962,014)	(2,962,014)
Transfer of share option reserve when the related options lapsed	(322,348)	322,348	–
At 31 December 2024 and 1 January 2025	–	**12,083,205**	**12,083,205**
Profit for the year and total comprehensive income for the year	–	**3,638,556**	**3,638,556**
2024 final dividend	–	**(2,987,953)**	**(2,987,953)**
2025 interim dividend	–	**(2,517,323)**	**(2,517,323)**
At 31 December 2025	–	**10,216,485**	**10,216,485**

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2026.

OUR PRINCIPAL OFFICES

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Cayman Islands

GUARANTOR

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Hong Kong

TRUSTEE

China Construction Bank (Asia) Corporation Limited
(中國建設銀行(亞洲)股份有限公司)
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3 Connaught Road Central
Central, Hong Kong

PRINCIPAL PAYING AGENT, TRANSFER AGENT AND CMU LODGING AND PAYING AGENT

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(中國建設銀行(亞洲)股份有限公司)
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3 Connaught Road Central
Central, Hong Kong

REGISTRAR

China Construction Bank (Asia) Corporation Limited
(中國建設銀行(亞洲)股份有限公司)
28/F, CCB Tower
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JOINT ARRANGERS

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