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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Yuhui (*Chairman*)
Mr. Luo Changlin

Independent non-executive Directors

Ms. Luo Ying
Ms. Liang Yunxing
(*resigned on 21 November 2024*)
Mr. Zhang Guanghu
(*appointed on 14 February 2025*)
Mr. Fang Min

COMPANY SECRETARY

Ms. Yan Hoi Ling Jovian
(*appointed on 30 July 2024*)
Mr. So Wing Chun
(*appointed on 23 February 2024 and
resigned on 30 July 2024*)
Mr. Luo Changlin
(*resigned on 23 February 2024*)
Ms. Tang King Yin
(*resigned on 23 February 2024*)

AUTHORIZED REPRESENTATIVES

Mr. Liu Yuhui
Ms. Yan Hoi Ling Jovian
(*appointed on 30 July 2024*)
Mr. So Wing Chun
(*appointed on 23 February 2024 and
resigned on 30 July 2024*)
Ms. Tang King Yin
(*resigned on 23 February 2024*)

AUDIT COMMITTEE

Mr. Zhang Guanghu (*Chairperson*)
Ms. Liang Yunxing
(*resigned on 21 November 2024*)
Ms. Luo Ying
Mr. Fang Ming

REMUNERATION COMMITTEE

Ms. Luo Ying (*Chairperson*)
Mr. Zhang Guanghu
(*appointed on 14 February 2025*)
Ms. Liang Yunxing
(*resigned on 21 November 2024*)
Mr. Liu Yuhui

NOMINATION COMMITTEE

Mr. Liu Yuhui (*Chairperson*)
Ms. Luo Ying
Mr. Zhang Guanghu
(*appointed on 14 February 2025*)
Ms. Liang Yunxing
(*resigned on 21 November 2024*)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre,
No. 248 Queen's Road East,
Wanchai, Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

46/F, Tower A
Leading International Finance Center
No. 151, 2nd Tianfu Street
Gaoxin District
Chengdu, Sichuan Province
PRC

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services
Limited
Shops 1712–1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

AUDITOR

SHINEWING (HK) CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISOR AS TO HONG KONG LAW

Sidley Austin

PRINCIPAL BANK

China Construction Bank
Chengdu Xinhua Branch

STOCK CODE

06999

COMPANY'S WEBSITE

www.leading-group.com

Glossary and Definition

In this report, unless the context otherwise requires, the following words and expressions have the following meanings.

“Acting in Concert Deed”	the acting in concert deed dated 18 February 2020 and executed by the Ultimate Controlling Shareholders, details of which are set out in the section headed “Relationship with Controlling Shareholders — Acting in Concert Deed” in the Prospectus
“AGM”	the annual general meeting of the Company to be convened and held on 30 May 2025
“Articles of Association” or “Articles”	the articles of association of the Company (as amended from time to time)
“ASP”	average selling price
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“Board Committees”	the Audit Committee, Remuneration Committee and Nomination Committee of the Company
“BVI”	the British Virgin Islands
“Cayman Companies Act”	the Companies Act of the Cayman Islands
“China” or “PRC”	the People’s Republic of China
“Company”	Leading Holdings Group Limited (領地控股集團有限公司) (formerly known as Leading China Holdings Limited (領地中國控股有限公司)), an exempted company incorporated in the Cayman Islands with limited liability on 15 July 2019, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6999)
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, and unless the context requires otherwise, refers to Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli and the investment holding companies controlled by them, and a Controlling Shareholder shall mean each or any one of them
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules

“CG Code”	Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Deed of Non-Competition”	the deed of non-competition dated 16 November 2020 and executed by the Ultimate Controlling Shareholders in favor of the Company, details of which are set out in the section headed “Relationship with Controlling Shareholders — Deed of Non-competition” in the Prospectus
“Director(s)”	the director(s) of the Company
“Fan Tai”	Fan Tai Investment Holding Limited, a company incorporated in the BVI with limited liability on 29 August 2019, which is wholly owned by Mr. Liu Ce and is one of the Controlling Shareholders
“Fu Sheng”	Fu Sheng Capital Limited, a company incorporated in the BVI with limited liability on 5 June 2019, which is wholly-owned by Ms. Long Yiqin and is one of the Controlling Shareholders
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HK\$” or “Hong Kong dollar(s)”	Hong Kong dollars, the lawful currency of Hong Kong
“independent third party”	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates (within the meaning of the Listing Rules)
“Jin Sha Jiang”	Jin Sha Jiang Holding Limited, a company incorporated in the BVI with limited liability on 5 June 2019, which is wholly owned by Mr. Liu Yuhui and is one of the Controlling Shareholders
“Leading Group”	Leading Group Co., Ltd.* (領地集團有限公司) (formerly known as Meishan Baoma Real Estate Development Co., Ltd.* (眉山地區寶馬房地產開發有限公司) upon its incorporation), a company established in the PRC with limited liability on 19 April 1999 and an indirect wholly-owned subsidiary of the Company
“Lian Rong”	Lian Rong Capital Limited, a company incorporated in the BVI with limited liability on 29 August 2019, which is wholly owned by Mr. Liu Haowei and is one of the Controlling Shareholders

Glossary and Definition

“Liang Yuan Enterprise Management”	Liang Yuan Enterprise Management Co., Ltd.* (量源企業管理有限公司) (formerly known as Liang Yuan Asset Management Co., Ltd.* (量源資產管理有限公司)), a company established in the PRC with limited liability on 12 August 2011 which is owned as to 33.34% by Mr. Liu Songfa, 33.33% by Mr. Liu Ce and 33.33% by Mr. Liu Haowei
“Ling Yue”	Ling Yue Capital Holding Limited, a company incorporated in the BVI with limited liability on 29 August 2019, which is wholly owned by Mr. Liu Haowei and is one of the Controlling Shareholders
“Listing Date”	10 December 2020, the date on which dealings in the Shares on the Main Board first commence
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Listing”	the listing of the Shares on the Main Board
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Mr. Liu Ce”	Mr. Liu Ce (劉策) (formerly known as Liu Huan (劉歡)), one of the Ultimate Controlling Shareholders. He is the son of Ms. Hou Sanli
“Mr. Liu Haowei”	Mr. Liu Haowei (劉浩威), the vice president of the Group and one of the Ultimate Controlling Shareholders. He is the son of Ms. Wang Tao
“Mr. Liu Shan”	Mr. Liu Shan (劉山) (formerly known as Liu Yuxian (劉玉賢)), the spouse of Ms. Wang Tao
“Mr. Liu Yuhui”	Mr. Liu Yuhui (劉玉輝), the chairman of the Board, executive Director, chief executive officer of the Company and one of the Ultimate Controlling Shareholders. He is the spouse of Ms. Long Yiqin
“Mr. Liu Yuqi”	Mr. Liu Yuqi (劉玉奇), the spouse of Ms. Hou Sanli
“Ms. Hou Sanli”	Ms. Hou Sanli (侯三利), one of the Ultimate Controlling Shareholders. She is the mother of Mr. Liu Ce
“Ms. Long Yiqin”	Ms. Long Yiqin (龍一勤), one of the Ultimate Controlling Shareholders. She is the spouse of Mr. Liu Yuhui
“Ms. Wang Tao”	Ms. Wang Tao (王濤), one of the Ultimate Controlling Shareholders. She is the mother of Mr. Liu Haowei

“Nomination Committee”	the nomination committee of the Board
“Prospectus”	the prospectus of the Company dated 26 November 2020
“Remuneration Committee”	the remuneration committee of the Board
“RMB”	the lawful currency of the PRC
“Rong Liang Group”	Rong Liang Group Co., Ltd.* (融量集團有限公司) (formerly known as Chengdu Shouxin Investment Co., Ltd.* (成都首信投資有限公司)), a company established in the PRC with limited liability on 10 May 2006, which is owned as to approximately 33.17% by Mr. Liu Haowei, 33.16% by Mr. Liu Yuhui, 33.16% by Mr. Liu Ce, 0.17% by Ms. Wang Tao, 0.17% by Ms. Long Yiqin and 0.17% by Ms. Hou Sanli
“San Jiang Yuan”	San Jiang Yuan Investment Limited, a company incorporated in the BVI with limited liability on 5 June 2019, which is wholly owned by Ms. Wang Tao and is one of the Controlling Shareholders
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shan Yuan”	Shan Yuan Holdings Limited, a company incorporated in the BVI with limited liability on 5 June 2019, which is wholly owned by Ms. Hou Sanli and is one of the Controlling Shareholders
“Share Option Scheme”	the share option scheme conditionally adopted by the Company on 16 November 2020, a summary of the principal terms and conditions of which is set forth in the section headed “Statutory and General Information — D. Other Information — 1. Share Option Scheme” in Appendix V to the Prospectus
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company, which are to be traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

Glossary and Definition

“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“treasury share(s)”	has the meaning ascribed to it under the Listing Rules
“Ultimate Controlling Shareholders”	Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli
“Year”	the year ended 31 December 2024
“Yuan Di”	Yuan Di Capital Limited, a company incorporated in the BVI with limited liability on 29 August 2019, which is wholly owned by Mr. Liu Ce and is one of the Controlling Shareholders
“Yue Lai”	Yue Lai Investment Limited, a company incorporated in the BVI with limited liability on 5 June 2019, which is wholly owned by Mr. Liu Yuhui and is one of the Controlling Shareholders
“%”	per cent

* for identification purpose only

In review of the industry's development throughout 2024, the opening single-month performance hit a record low in recent years, with certain gradual recovery occurring near the end of the second quarter. However, the industry confronted a pivotal policy shift in the traditional off-season at the end of the third quarter, driving the market turnover scale in the fourth quarter with positive results. In terms of the industry's development trend during the Year, the turnover has entered a bottoming-out cycle. It is expected that the annual sales of commercial properties will be around RMB9.6 trillion, and the demand for the coming year is also likely to maintain at RMB10 trillion.

We will maintain our unwavering commitment to quality through 2025, with quality remaining the core driver that propels the Group from survival to prosperity.

BUSINESS REVIEW

In 2024, although the Group was inevitably impacted by the deep restructuring of the industry, it managed to achieve strong results despite certain fluctuations, showcasing the resilience of its workforce in adversity. In addition, we succeeded in delivering about 910,000 square metres (“sq.m.”) of properties to property owners, which is a strong testament to the dedication and hard work of all staff in the production system and the project team. On the other hand, the investment, finance, treasury and legal teams have been tackling difficult projects. The birth of the “Nanyuan (楠苑)” series also marks the beginning of a new chapter in the Group's product iteration and upgrading process.

The journey in 2024 was far from smooth, with final results falling short of expectations. However, the Company remained resilient in the face of challenges, and the Group continued to demonstrate its vitality and resilience. We would like to extend our sincere recognition and appreciation to all employees for their dedication and hard work throughout the past year.

OUTLOOK

In 2025, the Group will focus on sales of remaining properties, indebtedness reduction and rejuvenation.

First is to sell remaining properties. Apparently, the industry has entered an era of de-stocking, and the pressure of inventory remains a challenge for the Group. Continuously exploring effective de-stocking strategies will be the most important issue for 2025.

Second is to reduce indebtedness. The Group's land reserve, however, is also hampered by a number of factors that prevent it from being effectively converted into production resources for the time being. We strive to optimise our debt structure and increase liquidity by revitalising our assets through our policies.

Third is to foster rejuvenation. We will maintain our unwavering commitment to quality through 2025, with quality remaining the core driver that propels the Company from survival to prosperity.

Management Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

Property Development

Contracted Sales

During the Year, the Group recorded contracted sales of RMB3,727 million, representing a year-over-year decrease of 53% from the year ended 31 December 2023 due to the industry wide continuous downturn in China during the Year.

During the Year, total contracted GFA sold amounted to approximately 0.58 million sq.m., representing a decrease of approximately 47% from approximately 1.1 million sq.m. for the year ended 31 December 2023. Contracted ASP for the year ended 31 December 2024 was approximately RMB6,481 per sq.m., compared with RMB7,202 per sq.m. for the year ended 31 December 2023.

Contracted sales from Beijing-Tianjin-Hebei Region, Central China, Chengdu-Chongqing Economic Zone and Sichuan province, Guangdong-Hong Kong-Macau Greater Bay Area contributed to approximately 2%, 4%, 84% and 1%, respectively, of the Group's total contracted sales in 2024.

The following table sets out the geographic breakdown of the Group's contracted sales in 2024.

	Contracted GFA Sold (sq.m.)	Contracted Sales (RMB'000)	Contracted ASP (RMB/sq.m.)	% of Contracted Sales (%)
Beijing-Tianjin-Hebei Region	13,577	8,484	6,249	2%
Central China	32,485	14,668	4,515	4%
Chengdu-Chongqing Economic Zone and Sichuan province	448,131	310,831	6,936	84%
Guangdong-Hong Kong-Macau Greater Bay Area	6,827	4,330	6,342	1%
Other Regions ⁽¹⁾	73,981	34,347	4,643	9%
Total	575,001	372,660	6,481	100%

Note:

(1) Other Regions include Changchun of Jilin province, Urumqi and Korla of Xinjiang Uyghur Autonomous Region, Zunyi and Kaili of Guizhou province, which are not in the Group's key regions.

Revenue Recognized from Sales of Properties

Revenue from sale of properties of the Group decreased by 54% from approximately RMB18,316 million for the year ended 31 December 2023 to approximately RMB8,427 million for the year ended 31 December 2024, accounting for 98% of the Group's total revenue. The Group's recognized ASP from sales of properties decreased from approximately RMB7,244 per sq.m. for the year ended 31 December 2023 to approximately RMB6,876 per sq.m. for the Year.

The following table sets forth the details of the revenue recognized from the sales of properties of the Group by geographical location for the years indicated.

	Recognized Revenue from Sale of Properties		% of Recognized Revenue from Sale of Properties		Total GFA Recognized		Recognized ASP	
	(RMB'000)	(RMB'000)	%	%	sq.m	sq.m	RMB/sq.m	RMB/sq.m
	2024	2023	2024	2023	2024	2023	2024	2023
Beijing-Tianjin-Hebei Region	18,414	271,571	0.2%	1.5%	2,293	43,370	8,031	6,262
Central China	346,568	116,130	4.1%	0.6%	114,950	22,732	3,015	5,109
Chengdu-Chongqing Economic Zone and Sichuan province	5,462,278	17,140,938	64.8%	93.6%	713,178	2,346,193	7,659	7,306
Guangdong-Hong Kong-Macau Greater Bay Area	14,794	613,665	0.2%	3.4%	3,206	79,039	4,614	7,764
Other Regions	2,584,510	173,606	30.7%	0.9%	391,963	36,971	6,594	4,696
Total	8,426,564	18,315,910	100%	100%	1,225,590	2,528,305	6,876	7,244

The following table sets forth the revenue from sale of properties and ASP by type of properties for the years indicated.

	Recognized Revenue from Sale of Properties		% of Recognized Revenue from Sale of Properties		Total GFA Recognized		Recognized ASP	
	(RMB'000)	(RMB'000)	%	%	sq.m	sq.m	RMB/sq.m	RMB/sq.m
	2024	2023	2024	2023	2024	2023	2024	2023
Residential	7,137,030	16,964,912	84.7%	92.6%	995,857	2,286,029	7,167	7,421
Commercial	1,061,159	1,052,290	12.6%	5.7%	89,254	88,725	11,889	11,860
Car Parks	228,375	298,708	2.7%	1.6%	140,478	153,551	1,626	1,945
Total	8,426,564	18,315,910	100.0%	100.0%	1,225,589	2,528,305	6,876	7,244

Completed Properties Held for Sale

Properties held for sale represent completed properties remaining unsold at the end of each financial period and are stated at the lower of cost and net realizable value. Cost of properties held for sale is determined by an apportionment of related costs incurred attributable to the unsold properties.

As at 31 December 2024, the Group had completed properties held for sale of RMB3,530 million, representing a decrease of 40% from RMB5,846 million as at 31 December 2023. The decrease was primarily due to the sluggish sales of properties. The Group has obtained the construction completion certificates in respect of all completed properties held for sale.

Properties under Development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land costs, construction costs, capitalized interests and other costs directly attributable to such properties incurred during the development period and net realizable value. Upon completion, the properties are transferred to completed properties held for sale.

As at 31 December 2024, the Group had properties under development of RMB10,647 million, representing a decrease of 30% from RMB15,302 million as at 31 December 2023 as the Group has taken a more prudent approach on developing new projects after considering the current industry environment.

Property Investment

Commercial Property Operations

The Group's revenue from commercial property operations of the Group decreased by 22% from approximately RMB111 million for the year ended 31 December 2023 to approximately RMB86 million for the year ended 31 December 2024, primarily attributable to the decrease in the occupancy rate and rental due to the sluggish domestic macro-economy.

Investment Properties

As at 31 December 2024, the Group had 8 investment properties with a total leasable GFA of approximately 291,394 sq.m.. Out of such investment properties portfolio of the Group, investment properties with a total GFA of approximately 221,796 sq.m. had commenced leasing.

LAND BANK

As at 31 December 2024, the total GFA of land reserves of the Group was approximately 8,187,585 sq.m. The following table sets forth a summary of the Group's property interests as at 31 December 2024:

No.	Project Names	City	Interest		Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
			Attributable to the Group	Primary Intended Use				
Properties developed by the Group and its subsidiaries								
1	Chengdu Yipin Center	Chengdu	95%	Commercial/Carpark/ Others	20,534	31 December-2030	141,509	Within the planned red line of Chadianzi Yipintianxia Street, Jinniu District, Chengdu City, Sichuan Province
2	Chengdu Xishan Lantai	Chengdu	100%	Residential/Carpark/ Ancillary/Others	34,756	25 May-2021	13,520	No. 988, Huaxin Avenue, Baihe Town, Longquanyi District, Chengdu City, Sichuan Province
3	Chengdu Yue Center	Chengdu	99%	Residential/Commercial/ Carpark/Ancillary/ Others	27,400	20 May-2022	10,372	No. 521, East Section of Industrial Avenue, Xindu District, Chengdu City, Sichuan Province
4	Chongqing Leading Guanyun House	Chongqing	99%	Residential/Carpark/ Ancillary/Others	40,372	10 November-2021	16,620	No. N23/03, N District, Jieshizutuan, Banan, Chongqing
5	Leshan Qingjiang Lantai Mansion	Leshan	99%	Residential/Commercial/ Carpark/Ancillary/ Others	50,000	25 December-2020	7,469	No. 533 Ruihan Road, Shizhong District, No. 1065 Taibai Road, Shizhong District, Leshan City, Sichuan Province
6	Chengdu Tianfu Lantai Mansion (Xinlong)	Chengdu	98%	Residential/Commercial/ Carpark/Ancillary/ Others	159,963	09 December-2022	44,973	Group 2, 5, 6, Yangliu Village and Group 2, Liuhe Village, Huayuan Town, Xinjin County, Chengdu City, Sichuan Province
7	Chengdu Tianfu Lantai Mansion (Jingyang)	Chengdu	100%	Residential/Carpark/ Ancillary/Others	38,967	30 November-2021	22,507	Group 2, 3, Yangliu Village, Huayuan Town, Xinjin County, Chengdu City, Sichuan Province
8	Chengdu Haina Shidai	Chengdu	99%	Residential/Commercial/ Carpark/Ancillary/ Others	41,822	28 February-2017	13,055	Zhili Road and Zhixinger Road, Chengdu City, Sichuan Province
9	Chengdu Lantai House	Chengdu	99%	Residential/Carpark/ Others	40,897	30 October-2020	13,681	No. 1555, Guoning West Road, Hongguang Town, Pidu District, Chengdu City, Sichuan Province
10	Chengdu Leading Tianyu	Meishan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	57,523	12 December-2023	16,823	Diagonally opposite to Volkswagen 4S Store, Renshou Avenue, Renshou County, Chengdu City, Sichuan Province

Management Discussion and Analysis

No.	Project Names	City	Interest		Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
			Attributable to the Group	Primary Intended Use				
11	Pengshan Guanjiang Mansion	Meishan	80%	Residential/Commercial/ Carpark/Ancillary/ Others	71,770	31 March-2023	32,816	Binjiang Avenue, Pengshan District, Meishan City, Sichuan Province
12	Panzhihua Leading Yangguang Flower City	Panzhihua	100%	Residential/Commercial/ Carpark/Ancillary/ Others	186,791	31 December-2024	95,441	Ganbatang Area, Huacheng New District, Panzhihua City, Sichuan Province
13	Xichang Leading Lantai House	Xichang	51%	Residential/Commercial/ Carpark/Ancillary/ Others	99,752	24 May-2019	3,157	Xijiao Yaoshan Village, North of Nanshan Avenue, South of Haihe Road, Xichang City, Sichuan Province
14	Xichang Leading Triumph International Mansion	Xichang	82%	Residential/Commercial/ Carpark/Ancillary/ Others	33,287	31 January-2017	917	No. 599, Section 5, East Extension Line of Hangtai Road, Xichang City, Sichuan Province
15	Xichang Leading Jinxiu Lantai Mansion	Xichang	96%	Residential/Commercial/ Carpark/Ancillary/ Others	62,578	31 December-2027	115,969	Near Zhonghang East Road, West New City, Xichang City, Sichuan Province
16	Urumchi Leading Lantai House	Urumchi	95%	Residential/Commercial/ Carpark/Ancillary/ Others	103,928	31 December-2027	135,449	No. 616, Junggar Street, East of Suzhou Road, Urumqi City, Xinjiang Uygur Autonomous Region
17	Urumchi Leading Tianyu	Urumchi	100%	Residential/Commercial/ Carpark/Ancillary/ Others	115,428	31 December-2027	92,378	South of Hongguangshan Road, Shuimogou District, Urumqi City, Xinjiang Uygur Autonomous Region
18	Korla Leading Lantai House	Korla	100%	Residential/Commercial/ Carpark/Ancillary/ Others	63,624	15 October-2020	5,376	Leading Triumph Mansion, near southwest No. 6 Shihua Avenue, No. 5 Community, Construction Area, Korla City, Bazhou, Xinjiang Uygur Autonomous Region
19	Korla Leading Triumph Mansion	Korla	85%	Residential/Commercial/ Carpark/Ancillary/ Others	87,933	31 December-2027	28,595	(Next to Peacock Park) No. 6 Shihua Avenue, Korla, Xinjiang Uygur Autonomous Region
20	Chengteh Lantai House	Chengteh	40%	Residential/Commercial/ Carpark/Ancillary/ Others	53,279	30 July-2020	1,856	Yuanbao Mountain, Shuangtashan Town, Shuangluan District, Chengde City, Hebei Province
21	Chengteh Lantai House Yunshang & Jinyuan	Chengteh	50%	Residential/Commercial/ Ancillary/Others	62,969	31 December-2024	70,868	Sicaigou B, Dayuanbao Mountain, Shuangtashan Town, Shuangluan District, Chengde City, Hebei Province
22	Chengteh Lantai House Yueshan	Chengteh	51%	Residential/Commercial/ Carpark/Ancillary/ Others	34,981	01 April-2023	6,833	Yuanbao Mountain, Shuangluan District, Chengde City, Hebei Province
23	Jilin Triumph Mansion	Changchun	55%	Residential/Commercial/ Carpark/Ancillary/ Others	132,188	22 May-2020	125	Xincheng West Street, Jingyue Development Zone, Changchun City, Jilin Province

No.	Project Names	City	Interest		Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
			Attributable to the Group	Primary Intended Use				
24	Xingyang Leading Tianyu	Xingyang	70%	Residential/Commercial/ Carpark/Ancillary/ Others	29,396	31 December-2021	35,463	Northwest of the intersection of Jingcheng Road and Gongye East Road, Xingyang City, Zhengzhou City, Henan Province
25	Shangqiu Leading Lantai House	Shangqiu	51%	Residential/Commercial/ Carpark/Ancillary/ Others	59,698	31 December-2027	19,139	North of Xiwang Road, south of Nanjing Road, west of Shangqiu City Road(Planning), East of Zhenxing Road, Henan Province
26	Zhumadian Royal Lantai Mansion Phase I	Zhumadian	69%	Residential/Commercial/ Carpark/Ancillary/ Others	182,936	31 December-2021	153,022	Northwest of the intersection of Tianzhongshan Avenue and Jianshe Avenue, Zhumadian City, Henan Province
27	Zhumadian Royal Lantai Mansion Phase II	Zhumadian	69%	Residential/Carpark/ Ancillary/Others	70,590	31 December-2030	200,882	Northeast of the intersection of Zhangtai Avenue and Jianshe Avenue, Zhumadian City, Henan Province
28	Zhumadian Royal Lantai Mansion Phase III	Zhumadian	69%	Residential/Carpark/ Ancillary/Others	75,863	31 December-2030	50,811	Southwest of the intersection of Lizhuang Road and Chunliu Road, Zhumadian City, Henan Province
29	Zhumadian Royal Lantai Mansion Phase IV	Zhumadian	69%	Residential/Carpark/ Ancillary/Others	168,489	31 December-2027	253,504	Northeast corner of the intersection of Tongshan Avenue and Jianshe Avenue, Zhumadian City, Henan Province
30	Zhumadian Royal Lantai Mansion Phase V	Zhumadian	69%	Residential/Commercial/ Carpark/Ancillary/ Others	156,270	31 December-2030	181,271	The southeast side of the intersection of Lizhuang Road and Chunliu Road, and the northwest side of the intersection of Zhangtai Road and Jianshe Avenue, Zhumadian City, Henan Province
31	Jingzhou Leading Lantai House	Jingzhou	100%	Residential/Commercial/ Carpark/Ancillary/ Others	54,070	28 September-2021	11,581	Northwest of the intersection of Chutian Road and Dongqiao Road, Jingbei New District, Jingzhou District, Jingzhou City, Hubei Province
32	Jingzhou Leading Fengming Lantai Mansion	Jingzhou	100%	Residential/Commercial/ Carpark/Ancillary/ Others	48,399	14 July-2022	8,375	No.66, Fengming Avenue, Jingzhou District, Jingzhou City, Hubei Province
33	Leshan Haina Mansion	Leshan	51%	Residential/Commercial/ Carpark/Ancillary/ Others	36,200	05 January-2016	1,141	No.1589 Muyuan Road, Muchuan County, Leshan City, Sichuan Province

Management Discussion and Analysis

No.	Project Names	City	Interest		Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
			Attributable to the Group	Primary Intended Use				
34	Leshan Lantai House	Leshan	59%	Residential/Commercial/ Carpark/Ancillary/ Others	88,108	31 December-2021	19,008	East of the intersection of Sansu Road and Ruixiang Road, Qingjiang New District, Shizhong District, Leshan City, Sichuan Province
35	Leshan Tianyu	Leshan	50%	Residential/Commercial/ Carpark/Ancillary	29,796	01 March-2020	228	Intersection of Hanlin Road and Fenghuang Road, Tongjiang District, Leshan City, Sichuan Province
36	Leshan Lanshan	Leshan	99%	Residential/Commercial/ Carpark/Ancillary/ Others	89,630	01 October-2021	4,199	No. 881, Section 1, Ruixiang Road, Leshan City, Sichuan Province
37	Leshan International Mansion	Leshan	99%	Residential/Commercial/ Carpark/Ancillary/ Others	127,204	17 May-2019	884	Taoyuan New Village, Mouzi Town, Shizhong District, Leshan City, Sichuan Province
38	Meishan Triumph International Mansion	Meishan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	256,303	27 November-2020	24,412	Southwest corner of the intersection of Hubin Road and Meizhou Avenue, Meishan City, Sichuan Province
39	Meishan Triumph Square	Meishan	78%	Residential/Commercial/ Carpark/Ancillary	73,976	19 May-2015	90	Northeast of the intersection of Suyuan Road and Dongpo Avenue, Dongpo District, Meishan City, Sichuan Province
40	Meishan Huayu Phase II	Meishan	99%	Residential/Commercial/ Carpark/Ancillary/ Others	9,102	03 June-2020	1,629	Southeast corner of the intersection of Suyuan Road and Chongguang Street, Meishan City, Sichuan Province
41	Meishan Triumph International Mansion Phase II	Meishan	57%	Residential/Commercial/ Carpark/Ancillary/ Others	39,838	30 July-2019	183	Northeast of the intersection of Jiangxiang Road and Qingyihang, Dongpo District, Meishan City, Sichuan Province
42	Haifeng Tianyu	Shanwei	100%	Residential/Commercial/ Carpark/Ancillary/ Others	35,774	16 December-2023	38,856	Plot KJC-B07, Ecological Technology City, Haifeng County, Shanwei City, Guangdong Province
43	Huizhou Lantai House	Huizhou	100%	Residential/Commercial/ Carpark/Ancillary/ Others	83,840	30 March-2023	40,229	West of Jinquan Road, Xincheng, North Railway Station, Huicheng District, Huizhou City, Guangdong Province
44	Foshan Haina Longting	Foshan	51%	Residential/Commercial/ Carpark/Others	36,943	30 August-2017	434	the north side of Qinggong Road and the east side of Dayong, North and South, Chancheng District, Foshan Guangdong Province

No.	Project Names	City	Interest		Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
			Attributable to the Group	Primary Intended Use				
45	Foshan Haina Junting	Foshan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	20,536	01 April-2017	75	West Guangyun Chantan Cross Road, Zhenli, Dali, Nanhai District, Guangdong Province
46	Mianyang Tianyu	Mianyang	100%	Residential/Commercial/ Carpark/Ancillary/ Others	26,140	31 March-2020	5,121	No. 2, Hongqiao Road, Chengnan New District, Mianyang City, Sichuan Province
47	Mianyang Lantai House	Mianyang	61%	Residential/Commercial/ Carpark/Ancillary/ Others	56,060	20 August-2020	8,382	No. 94, Sanxing Road, Youxian District, Mianyang City, Sichuan Province
48	Nanchong Lantai House	Nanchong	99%	Residential/Carpark/ Ancillary/Others	59,774	20 April-2022	64,666	No. 118, Maoyuan South Road, Shunqing District, Nanchong City, Sichuan Province
49	Nanchong Tianyu	Nanchong	50%	Residential/Commercial/ Carpark/Ancillary/ Others	25,053	17 November-2020	14,993	No. 561, Jinyuling Road, Shunqing District, Nanchong City, Sichuan Province
50	Ya'an Yunjing	Ya'an	100%	Residential/Commercial/ Carpark/Ancillary	30,184	06 November-2020	10,453	Daxing Town, Yucheng District, Ya'an City, Sichuan Province
51	Ya'an Guanjiang Mansion	Ya'an	99%	Residential/Commercial/ Carpark/Ancillary	39,149	23 November-2020	13,927	Qianjin Village, Daxing Town, Yucheng District, Ya'an City, Sichuan Province
52	Ya'an Tianyu	Ya'an	53%	Residential/Commercial/ Carpark/Ancillary	18,253	12 September-2019	7,714	Yazhou Avenue, Yucheng District, Ya'an City, Sichuan Province
53	Ya'an Lantai House	Ya'an	49%	Residential/Commercial/ Carpark/Ancillary	43,790	02 February-2021	19,883	No. 6, Ankang Road, Yucheng District, Ya'an City, Sichuan Province
54	Ya'an Lantai House Phase III	Ya'an	99%	Residential/Commercial/ Carpark/Ancillary/ Others	53,520	15 September-2021	24,597	Plot 2-12, Daxing District, Yucheng District, Ya'an City, Sichuan Province
55	Mianyang Guanjiang Mansion	Mianyang	100%	Residential/Commercial/ Carpark/Others	134,016	31 December-2027	361,625	Putisi Village, Ningxiang Temple Neighborhood Committee, High-tech Zone, Mianyang City, Sichuan Province
56	Mianyang Leading Dongyuan Yue Town	Mianyang	49%	Residential/Commercial/ Carpark/Ancillary/ Others	116,755	30 June-2023	112,504	C, Dengta Community, Qingyi Town, Fucheng District, Mianyang City, Sichuan Province
57	Ya'an Yuejiangting	Ya'an	50%	Residential/Commercial/ Carpark/Ancillary/ Others	16,674	21 October-2021	9,918	Daxing Area, Yucheng District, Ya'an City, Sichuan Province
58	Xichang Tianyu	Xichang	99%	Residential/Commercial/ Carpark/Ancillary/ Others	26,935	15 January-2023	4,104	Near Section 1 of Linhuanhai Road, Chengdongchuanxing, Xichang City, Sichuan Province
59	Kaili Leading Tianyu	Kaili	99%	Residential/Commercial/ Carpark/Ancillary/ Others	251,148	31 December-2027	644,929	Daxing Area, Yucheng District, Ya'an City, Sichuan Province

Management Discussion and Analysis

No.	Project Names	City	Interest		Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
			Attributable to the Group	Primary Intended Use				
60	Chengdu Xindu Yue House	Chengdu	100%	Residential/Commercial/ Carpark/Ancillary/ Others	310,866	30 August-2024	393,882	No. 600, East Section of Xueyuan Road, Xindu District, Chengdu City, Sichuan Province
61	Luzhou Lantai House	Luzhou	96%	Residential/Commercial/ Carpark/Ancillary/ Others	52,767	28 February-2023	42,517	East side of Changjiang Primary School, Shawan District, Luzhou City, Sichuan Province
62	Chengdu Tianfu Kangcheng (Duneng)	Chengdu	95%	Residential/Commercial/ Carpark/Ancillary	90,121	31 December-2028	230,170	East of Huanhu East Road, Shigao Town, Renshou County
63	Chengdu Tianfu Kangcheng (Shengyu)	Chengdu	95%	Commercial/Carpark/ Ancillary/Others	60,638	31 December-2028	271,425	East of Huanhu East Road, Shigao Town, Renshou County
64	Chengdu Tianfu Kangcheng (Yuandi)	Chengdu	95%	Residential/Commercial/ Carpark/Ancillary	85,773	31 December-2028	192,988	East of Huanhu East Road, Shigao Town, Renshou County
65	Urumqi Jinshang Lantai Mansion	Urumchi	60%	Residential/Commercial/ Carpark/Ancillary/ Others	27,059	10 May-2024	4,611	East of Liyushan Road, High-tech Zone, Urumqi City
66	Urumchi Tianjing Yunzhu	Urumchi	100%	Residential/Commercial/ Carpark/Ancillary/ Others	30,178	10 January-2024	14,706	Main Road, Changchun Middle Road, Urumqi City
67	Nanchong Jinwei Leading Yue Town	Nanchong	44%	Residential/Commercial/ Carpark/Ancillary/ Others	90,142	30 June-2025	151,242	Plot 2 on the east side of Financial Avenue, North New City, Shunqing District, Nanchong City
68	Guangyuan Leading City	Guangyuan	96%	Residential/Commercial/ Carpark/Ancillary	290,480	31 December-2027	304,563	Located on the east side of Kangyang Avenue in Heishipo Forest Park and the north side of Qiaoge Road in Xuefeng Office, Lizhou District, Guangyuan City
69	Panzhihua Ruxiang Flower City	Panzhihua	50%	Commercial/Carpark/ Ancillary	10,562	31 March-2023	26,723	Ganbatang Area, Huacheng New District, Panzhihua City
70	Chengdu Leading Guanjiang House	Dujiangyan	86%	Residential/Commercial/ Carpark/Ancillary/ Others	78,475	31 December-2024	115,897	North of Baishui East Road, East of Shangshan East Road, Dujiangyan City, Sichuan Province
71	Suining Taoli County	Suining	34%	Residential/Commercial/ Carpark/Ancillary/ Others	30,808	30 March-2023	31,835	East of Suizhou North Road, North of Hongqiao East Street, Suining Economic Development Zone, Sichuan Province
72	Xichang Leading Guanyuan	Xichang	69%	Residential/Commercial/ Carpark/Ancillary/ Others	90,531	30 March-2025	64,029	The southeast area of the downtown, Xichang City, Sichuan Province
73	Luohe Lishang Lantai	Luohe	50%	Residential/Commercial/ Carpark/Ancillary/ Others	109,724	31 December-2027	221,309	West of High-speed Railway Bridge, on the north side of Shali Industry Cluster, South of Lihe, Luohe City, Henan Province

No.	Project Names	City	Interest		Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
			Attributable to the Group	Primary Intended Use				
74	Chengdu Leading Hexing Lifu Lantai Mansion	Pengzhou	50%	Residential/Commercial/ Carpark/Ancillary/ Others	64,309	10 January-2024	38,156	Qingyang Village, Zhihe Town, Pengzhou City, Sichuan Province
75	Chengdu Huguang Heyue	Pengzhou	50%	Residential/Commercial/ Carpark/Ancillary	41,343	30 November-2023	43,721	South side of Section 1, Huanhu Road, West side of Kaixuan Avenue, Zhihe Street, Pengzhou City, Sichuan Province
76	Leshan Biguiyuan Leading Tangyue Lantai	Leshan	99%	Residential/Commercial/ Carpark/Ancillary	56,197	31 May-2024	32,679	South side of Tanmu South Street, Central District, Leshan City, Sichuan Province
77	Mianyang Leading City	Mianyang	35%	Residential/Commercial/ Carpark/Ancillary	509,352	27 January-2030	1,370,337	Longmen Town, Fucheng District, Mianyang City, Sichuan Province
78	Leshan Lanshan Yue	Leshan	99%	Residential/Commercial/ Carpark/Ancillary	25,560	10 August-2023	9,761	North side of Changqing Road, west side of Ruixiang Road, Qingjiang Area, Leshan, Sichuan Province
79	Wuhan Leading Yinbao City	Wuhan	51%	Residential/Commercial/ Carpark/Ancillary	22,131	30 December-2025	110,233	Fangcao Road, Wuhan City
80	Mianyang Yue Garden	Mianyang	86%	Residential/Commercial/ Carpark/Ancillary	36,411	01 June-2026	71,553	Science and Innovation Park, Mianyang City, Sichuan Province
81	Pengzhou Jinxiu Tianchen	Chengdu	51%	Residential/Commercial/ Carpark/Ancillary	23,217	30 November-2024	15,739	East of Binhe North Road, Tianpeng Street, north of North Section of Mudan Avenue, Pengzhou City
82	Xindu Yueyinge	Chengdu	50%	Residential/Commercial/ Carpark/Ancillary/ Others	35,238	30 March-2025	159,447	Xiaolin Village, Xindu Town
83	Emei Lotus Lake	Leshan	70%	Residential/Commercial/ Carpark/Ancillary/ Others	247,377	01 September-2029	216,495	Shili Village, Shengli Town, Emeishan City; Penggui Village, Guihuaqiao Town, Emeishan City, Sichuan Province
84	Xichang Nanshan House	Xichang	88%	Residential/Commercial/ Carpark/Ancillary/ Others	66,322	30 May-2024	35,741	Zhangjiatun Village, Xijiao Township, Xichang City, Sichuan Province
85	Xichang Jinxiu Xuefu	Xichang	88%	Residential/Commercial/ Carpark/Ancillary/ Others	17,393	30 December-2026	51,758	Lot A-14, West New City, Xichang City, Sichuan Province
86	Pengzhou Leading Nanyuan	Chengdu	89%	Residential/Commercial/ Carpark/Ancillary/ Others	20,137	30 June-2026	78,279	North Side of Jingyi Road and East Side of Jingrui West Road, Tianpeng Street, Pengzhou City, Chengdu
Subtotal					6,814,265		7,538,336	

Management Discussion and Analysis

No.	Project Names	City	Interest		Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
			Attributable to the Group	Primary Intended Use				
Properties developed by the associates and joint ventures of the Company								
1	Leshan Emei the Grand Sight	Leshan	60%	Commercial/Ancillary	50,302	21 January-2021	12,088	North of Exiu Lake, Emeishan City, Sichuan Province
2	Zhangjiakou Yuanjun Manting Fangyuan	Zhangjiakou	33%	Residential/Commercial/ Carpark/Ancillary/ Others	170,592	31 December-2027	88,402	Shalingzi Town, Xuanhua District, Zhangjiakou City, Hebei Province
3	Ya'an Tianrun	Ya'an	50%	Residential/Commercial/ Carpark/Ancillary	15,530	29 May-2020	3,153	Chenghou Road, Yucheng District, Ya'an City, Sichuan Province
4	Ya'an Tianlu Bay	Ya'an	34%	Residential/Commercial/ Carpark/Ancillary/ Others	70,140	27 December-2021	52,818	Daxing Town, Yucheng District, Ya'an City, Sichuan Province
5	Leshan Hengbang Shuanglin Global Center	Leshan	5%	Residential/Office/ Commercial/Carpark/ Ancillary	31,632	04 June-2021	2,693	The junction of Fenghuang Road and Boyang Road, Central District, Leshan City, Sichuan Province
6	Nantong Longteng Hua House	Nantong	3%	Residential/Commercial/ Carpark/Ancillary/ Others	125,950	31 December-2025	8,268	North of Dongxinghu Avenue, Longteng Road, Nantong City, Jiangsu Province
7	Nanchong Tianjing No.1 District	Nanchong	33%	Residential/Carpark/ Ancillary	51,155	31 December-2030	48,703	Yan'er's Nest Area, Shunqing District, Nanchong City, Sichuan Province
8	Nanchong Tianjing No.2 District	Nanchong	33%	Residential/Commercial/ Carpark/Ancillary/ Others	45,567	31 December-2030	35,730	No. 2021-b-9 Yan'er's Nest Area, Shunqing District, Nanchong City, Sichuan Province
9	Zhangjiajie Xinsong Leading Robot Happy Town	Zhangjiajie	30%	Residential/Commercial/ Carpark/Ancillary	77,783	31 December-2027	83,622	On the east side of Huatian Phase I, on the south side of Binhe Road, on the north side of Indigo Plaza, on the west side of Yingbin Road, Guanliping Office, Yongding District, Zhangjiajie City
10	Chengdu Tianfu Leading Town	Chengdu	50%	Residential/Commercial/ Carpark/Ancillary/ Others	271,501	31 December-2027	313,773	(No. 18, Section 2, Shengwu Cheng Middle Road, Shuangliu District) Tianfu International Biological City, Chengdu City, Sichuan Province
	Subtotal				910,152		649,250	
	Total				7,724,417		8,187,586	

Note:

- (1) Total GFA of the Group's land bank includes (i) GFA available for sale and total leasable GFA for completed properties, (ii) GFA for properties under development and (iii) GFA for properties held for future development. For projects that are not wholly owned by the Group, the total GFA will be adjusted by our equity interest in the respective project.

INVESTMENT PROPERTIES

The following table sets forth a summary of the Group's investment properties as of 31 December 2024:

No.	Province	City	Project Names	Address	Property Types	Total GFA (sq.m.)	Tenure					
1.	Sichuan	Chengdu	Chengdu International Finance Center	No. 151, 2nd Tianfu Street and No.750, Jitai Road, Gaoxin District, Chengdu, Sichuan Province	Shopping Mall	30,200	Medium term lease					
					Office	2,926						
					Carpark	24,810						
					Ancillary	3,088						
Sub-total:						61,024						
2.	Sichuan	Leshan	Leshan Amazon	No. 418 and No. 424, North Section of Longyou Road, Shizhong District, Leshan City, Sichuan Province	Supporting Commercial Facility for Residential Area	1,292	Medium term lease					
					Sub-total:						1,292	
3.	Sichuan	Leshan	Leshan Times Square	No. 336, Baiyun Street, Shizhong District, Leshan, Sichuan Province	Shopping Mall	29,830	Medium term lease					
					Carpark	4,504						
					Warehouse	961						
Sub-total:						35,295						
4.	Sichuan	Leshan	Leshan Amazon and Part of Times Square	No. 418 and No. 424, North Section of Longyou Road, and No.336, Baiyun Street, Shizhong District, Leshan City, Sichuan Province	Supporting Commercial Facility for Residential Area	9,815	Medium term lease					
					Carpark and Supporting Facilities	2,362						
					Sub-total:						12,177	

Management Discussion and Analysis

No.	Province	City	Project Names	Address	Property Types	Total GFA (sq.m.)	Tenure
5.	Jilin	Jilin	Jilin International Commerce Center	East of Caiyu Street, Jingyue Development Zone, Changchun City, Jilin Province	Shopping Mall	76,322	Medium term lease
Sub-total:						76,322	
6.	Sichuan	Chengdu	Chengdu Leading Center	No. 3 and No. 5, Xiyu Street, Qingyang District, Chengdu, Sichuan Province	First-floor Commercial Area in Office East and West Towers of Office Carpark Ancillary	9,954 103,042 25,611 8,658	Medium term lease
Sub-total:						147,265	
7.	Sichuan	Xindu	Gangji Hanxiangfu Preschool Gangji Famer's Market in Diexiang Manor	No. 600, East Section of Xueyuan, Xindu District, Chengdu City, Sichuan Province	Preschool Farmer's Market	1,799 3,438	Medium term lease
Sub-total:						5,237	
8.	Sichuan	Panzhihua	Panzhihua Leading Yangguang Flower City	Ganbatang Area, Huacheng New District, Panzhihua City, Sichuan Province	Farm product market (農貿市場)	2,031	Medium term lease
Sub-total:						2,031	
Total:						340,643	

FINANCIAL REVIEW

Revenue

During the Year, the Group derived its revenue from four business lines, namely (i) sale of properties; (ii) commercial property operations; (iii) hotel operations; and (iv) project management.

Revenue of the Group decreased by 54% from approximately RMB18,494 million for the year ended 31 December 2023 to approximately RMB8,571 million for the year ended 31 December 2024, primarily due to weak sales in the industry. The following table sets forth the details of the Group's total revenue by business line for the years indicated:

	For the year ended 31 December			
	2024	%	2023	%
	(RMB'000)		(RMB'000)	
Sale of properties	8,426,254	98.3	18,315,910	99.0
Commercial property operations	85,786	1.0	110,528	0.6
Hotel operations	47,557	0.6	53,441	0.3
Project management	11,569	0.1	13,645	0.1
Total	8,571,476	100	18,493,524	100

Sale of Properties

Revenue from sale of properties of the Group decreased by 54% from approximately RMB18,316 million for the year ended 31 December 2023 to approximately RMB8,426 million for the year ended 31 December 2024, primarily due to the industry downturn.

Commercial Property Operations

Revenue from commercial property operations of the Group decreased by 22% from approximately RMB111 million for the year ended 31 December 2023 to approximately RMB86 million for the year ended 31 December 2024, primarily due to the decrease in the occupancy rate and rental due to the sluggish domestic macro-economy.

Hotel Operations

Revenue from hotel operations of the Group decreased by 11% from approximately RMB53 million for the year ended 31 December 2023 to approximately RMB48 million for the year ended 31 December 2024, primarily due to the sluggish macro-economy.

Project Management

Revenue from project management of the Group decreased by 15% from approximately RMB14 million for the year ended 31 December 2023 to approximately RMB12 million for the year ended 31 December 2024, primarily due to the decrease in the number of projects under management.

Cost of Sales

The Group's cost of sales primarily represents the costs it incurs directly for the property development activities as well as its commercial property, hotel and project management operations and the provisions for impairment of properties held during the Year. The principal components of cost of sales for property development include cost of properties sold, which represents direct construction costs, land acquisition costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

The cost of sales of the Group decreased by 49% from approximately RMB16,728 million for the year ended 31 December 2023 to approximately RMB8,457 million for the year ended 31 December 2024, which was mainly due to the decrease in revenue.

Gross Profit and Gross Profit Margin

As the result of the foregoing, the Group recorded a gross profit of RMB114 million for the Year, as compared with the gross loss of RMB1,766 million for the year ended 31 December 2023.

Gross profit margin of the Group is approximately 1.3% for the year ended 31 December 2024.

Other Income

The Group's other income and gains primarily consist of interest income, management consulting service fees, commercial compensation and others. Interest income primarily consists of interest income on bank deposits. The commercial compensation primarily represents (i) liquidated damages the Group received from property purchasers who defaulted on the payments due pursuant to their purchase agreements with the Group; and (ii) liquidated damages the Group received from the Group's property-developer business partners who breached their contracts with the Group.

Other income of the Group decreased by 64% from approximately RMB85 million for the year ended 31 December 2023 to approximately RMB31 million for the year ended 31 December 2024, primarily due to the decrease in interest income, consultancy fees charged to joint ventures and associates, and government subsidies.

Selling and Marketing Expenses

The Group's selling and marketing expenses mainly include advertising and marketing fees that the Group incurs in connection with the Group's pre-sales of properties, including the commission fees paid to third-party sales agents, as well as advertising and marketing fees incurred in relation to the leasing of the commercial properties the Group operates and manages.

Selling and marketing expenses of the Group decreased by 72% from approximately RMB1,013 million for the year ended 31 December 2023 to approximately RMB281 million for the year ended 31 December 2024, which was primarily due to the decrease in sales.

Administrative Expenses

The Group's administrative expenses primarily include costs for management and administrative staff.

Administrative expenses of the Group decreased by 33% from approximately RMB295 million for the year ended 31 December 2023 to approximately RMB198 million for the year ended 31 December 2024, primarily due to the decrease in the number of administrative personnel.

Fair Value Gain/Losses on Investment Properties

The Group develops and holds certain commercial areas in our properties on a long-term basis for rental, operating income or capital appreciation.

The Group recorded fair value losses on investment properties in the amount of approximately RMB399 million for the year ended 31 December 2024, as compared to fair value losses on investment properties in the amount of approximately RMB356 million for the year ended 31 December 2023. The change is primarily due to the decrease in property rentals as a result of the domestic economic downturn.

Other Expenses

The Group's total other expenses for the year ended 31 December 2024 amounted to RMB620 million (2023: RMB40 million), representing an increase of RMB580 million over the prior year. The increase was mainly due to (1) the provision for impairment loss on receivables of RMB362 million for the Year; and (2) the loss recorded for the reorganisation ruling for two subsidiaries of the Company as disclosed in the announcements of the Company dated 18 April 2024, 8 May 2024, 29 May 2024 and 30 October 2024, being RMB246 million for the Year in accordance with the relevant accounting standards. The bad debt loss on receivables for the Year was mainly due to the fact that, in view of the continuing downturn of the domestic economy, the Group provided for impairment loss on receivables that were expected to be uncollectible after careful assessment.

Finance Costs

The Group's finance costs mainly represents the Group's interest expenses on bank and other borrowing as well as interest from a significant financing component of contract liabilities, which is related to the pre-sale deposits the Group received from its customers, less capitalized interest relating to properties under development.

Finance costs of the Group increased by 24% from approximately RMB262 million for the year ended 31 December 2023 to approximately RMB325 million for the year ended 31 December 2024, primarily due to the higher default interest payable resulting from the Group's failure to repay certain maturing borrowings as scheduled.

Share of Profits and Losses of Joint Ventures and Associates

The Group recorded share of profits of joint ventures in the amount of approximately RMB28 million for the year ended 31 December 2024, as compared to share of profits of joint ventures in the amount of approximately RMB12 million for the year ended 31 December 2023. The change is primarily due to fluctuations in operating results of joint ventures.

The Group recorded share of losses of associates in the amount of approximately RMB64 million for the year ended 31 December 2024, as compared to share of losses of associates in the amount of approximately RMB3 million for the year ended 31 December 2023. The change is primarily due to fluctuations in operating results of associates during the Year.

Income Tax Expense

Income tax expenses represent corporate income tax and LAT payable by the Group's subsidiaries in the PRC.

Income tax expenses of the Group decreased by 29% from approximately RMB880 million for the year ended 31 December 2023 to approximately RMB621 million for the year ended 31 December 2024, primarily due to the decrease in land value-added tax resulting from delivered projects with low gross profit during the Year.

Profit/(Loss) for the Year

As a result of the foregoing, the Group recorded a net loss for the year of approximately RMB2,335 million for the year ended 31 December 2024, as compared to a net loss of approximately RMB986 million for the year ended 31 December 2023.

Liquidity, Financial and Capital Resources

Property development require substantial capital investment for land acquisition and construction, and it may take many months or years before positive cash flow can be generated. To date, the Group has funded its growth principally from cash generated from operations of the Group and borrowings from banks, and trust and other financings.

The Group intends to continue to monitor its development and construction schedules, property sales and land acquisition plans based on the cash inflow associated with existing and planned external financing opportunities, including but not limited to the issuance of corporate bonds or other debt offerings and property sales proceeds.

Cash Position

As at 31 December 2024, the Group had cash and bank balances of approximately RMB1,480 million (31 December 2023: RMB2,007 million), pledged deposits of approximately RMB51 million (31 December 2023: RMB96 million) and restricted cash of approximately RMB554 million (31 December 2023: RMB599 million).

Indebtedness

As at 31 December 2024, the Group had total indebtedness, including interest-bearing bank and other borrowings, senior notes and lease liabilities, amounted to approximately RMB5,195 million (31 December 2023: approximately RMB7,098 million), of which RMB4,542 million was carried at fixed rates.

The following table sets forth the components of the Group's indebtedness as at the dates indicated:

	As at 31 December	
	2024	2023
	(RMB'000)	(RMB'000)
Non-current		
Bank loans — secured	2,059,726	1,954,641
Other loans ⁽¹⁾ — secured	367,974	186,709
Non-current portion of lease liabilities	—	8,539
Current		
Senior notes — unsecured	872,940	860,104
Current portion of lease liabilities	—	3,491
Current portion of long term bank loans — secured	661,908	2,064,877
Current portion of long term other loans — secured	1,232,132	2,019,270
Total indebtedness	5,194,680	7,097,631

Note:

(1) Other loans include financing arrangement with trust companies, asset management companies, other financial institutions and other third-party companies.

The following table sets forth the maturity profiles of the Group's bank and other borrowings as at the dates indicated:

	As at 31 December	
	2024	2023
	(RMB'000)	(RMB'000)
Repayable within one year or on demand	1,894,040	4,084,147
Repayable in the second year	15,329	403,441
Repayable in the third to fifth years, inclusive	1,029,174	170,584
Repayable beyond five years	1,383,197	1,567,325
Total	4,321,740	6,225,497

Net Gearing Ratio

The net gearing ratio (as calculated by total borrowings, including interest-bearing bank and other borrowings, less cash and bank balances divided by total equity as at the end of the respective period) was approximately 21.3 times as at 31 December 2024 (31 December 2023: approximately 1.87 times). The increase in the net gearing ratio as at 31 December 2024 was mainly due to the decrease in net assets.

Credit Risk

The Group is exposed to credit risk in relation to its trade and other receivables and cash deposits with banks. The carrying amounts of trade and other receivables, restricted cash, cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets. To manage this risk, deposits are mainly placed with licensed banks which are all high-credit-quality financial institutions.

The Group has no significant concentrations of credit risk in view of its large number of customers. The credit risk of the Group's other financial assets, which mainly comprise restricted cash and pledged deposits, other receivables, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Liquidity Risk

The Group aims to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet its operation needs and commitments in respect of property projects. The objective of the Group is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. The Group reviews its liquidity position on an ongoing basis, including review of the expected cash inflows and outflows, pre-sales/sales results, maturity of its borrowings and the progress of the planned property development projects in order to monitor its liquidity requirements in the short and long terms.

The Group has established a set of liquidity risk management measures, including budgeting, prudent land acquisition decisions, stringent cost control and alternative financing channels. Through these liquidity risk management measures, the Group aims to maintain sufficient reserves of, and adequate committed lines of funding from, financial institutions to meet the Group's liquidity requirements in the short and long term.

Foreign Exchange Risks

The Group mainly operates its business in the PRC, and substantially all of its revenue and expenses are denominated in RMB. As at 31 December 2024, among the Group's cash at bank and on hand and senior notes, RMB0.04 million and RMB873 million, was denominated in US dollars, respectively, such amount was subject to the exchange rate fluctuation. The Group does not have any policy to hedge against foreign exchange risk. However, the Group will closely monitor its foreign exchange exposure, and strive to maintain the value of the Group's cash.

Interest Rate Risk

The Group's exposure to changes in market interest rate relates primarily to the Group's interest-bearing bank and other borrowings. The Group does not use financial derivatives to hedge interest rate risk, and use variable rate bank borrowings and other borrowings to manage its interest cost.

Pledge of Assets

As at 31 December 2024, certain of the Group's bank and other borrowings are secured by the pledges of the Group's assets with carrying values of approximately RMB7,839 million (31 December 2023: approximately RMB12,370 million) which include (i) property, plant and equipment; (ii) land use right; (iii) investment properties; (iv) properties under development; and (v) completed properties held for sale.

Contingent Liabilities

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provided to the Group's customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on the mortgage loan, the Group is typically required to repurchase the underlying property by paying off the mortgage loan. If the Group fails to do so, the mortgagee banks will auction the underlying property and recover the balance from the Group if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, the Group does not conduct independent credit checks on its customers but rely on the credit checks conducted by the mortgagee banks.

The following table sets forth the Group's total guarantees as at the dates indicated:

	As at 31 December	
	2024	2023
	(RMB'000)	(RMB'000)
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	9,995,233	11,576,527
Guarantees given to banks and other institutions in connection with facilities granted to related parties	120,000	120,000
Guarantees given to banks and other institutions in connection with facilities granted to former subsidiaries ⁽²⁾	728,882	—
Total	10,844,115	11,696,527

Notes:

- (1) All guarantees provided by or to the controlling shareholders of the Company and their respective close associates on the borrowings of the Group or the controlling shareholders of the Company and their respective close associates had been fully released immediately before the listing.
- (2) Two subsidiaries of the company have entered bankruptcy proceedings, as disclosed in the announcements of the Company dated 18 April 2024, 8 May 2024, 29 May 2024 and 30 October 2024 respectively. The company has provided guarantees for their bank loans and other loans.

Commitment

As at 31 December 2024, the Group's capital commitment it had contracted but yet provided for was RMB10,527 million, compared with RMB12,146 million as at 31 December 2023.

Off-Balance Sheet Commitments and Arrangements

Except for the contingent liabilities disclosed above, as at 31 December 2024, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the Year, the Company has conducted disposal of its joint venture in order to strengthen its cash flow, for details of which, please refer to announcement of the Company dated 12 September 2024.

Save as disclosed, there were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures, nor was there any plan authorized by the Board for other material investments or additions of capital assets during the Year.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2024, the Group had 585 employees (31 December 2023: 928 employees). For the year ended 31 December 2024, the staff cost recognised as expenses of the Group amounted to RMB159 million (31 December 2023: RMB198 million).

The Group enters into individual employment contracts with its employees to cover matters such as wages, salaries, benefits and terms for termination. The Group generally formulates its employees' remuneration package to include a salary, bonus and various allowances. In general, the Group determines employee salaries based on each employee's qualification, position and seniority. The Group has designed a periodic review system to assess the performance of its employees, which forms the basis of its determination on salary raise, bonus and promotion.

As required by PRC regulations, the Group makes contributions to mandatory social security funds for the benefit of our PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds. The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. When there are employees who leave the scheme prior to becoming fully vested in the contribution, the amount of the forfeited contribution will be used to reduce future contribution payable by the Group.

The Directors and members of the senior management receive compensation from the Group in the form of salaries, bonuses and other benefits in kind such as contributions to pension plans. The Board will review and determine the remuneration and compensation packages of the Directors and senior management, and will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

SUBSEQUENT EVENTS

No material events were undertaken by the Group subsequent to 31 December 2024 and up to the date of this report.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2024 (including sale of treasury shares). As of the end of the Year, no treasury shares were held by the Company.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be convened and held on Friday, 30 May 2025. A notice convening the AGM will be published on the websites of the Company and the Hong Kong Exchanges and Clearing Limited in accordance with the requirements of the Listing Rules in due course. For the purpose of determination of eligibility of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 27 May 2025 to Friday, 30 May 2025 (both days inclusive), during which period no transfer of Shares will be effected. In order to be entitled to attend and vote at the forthcoming AGM to be held on Friday, 30 May 2025, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Monday, 26 May 2025.

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Liu Yuhui (劉玉輝), aged 52, was appointed as a Director on 15 July 2019. He was appointed as the chairman of the Board and chief executive officer of the Company and re-designated as an executive Director on 16 December 2019. He is responsible for overseeing the business development and business strategies of the Group. Mr. Liu Yuhui is the chairperson of the Nomination Committee and a member of the Remuneration Committee. Mr. Liu Yuhui is an entrepreneur with over 20 years of experience in the PRC real estate industry. Mr. Liu Yuhui co-founded the Group together with his two brothers, Mr. Liu Shan and Mr. Liu Yuqi in April 1999 through the establishment of Leading Group. Capitalizing on his experience in the PRC real estate industry, Mr. Liu Yuhui has guided the Group's sustained and steady business development for the past two decades.

Mr. Liu Yuhui obtained a master's degree in business administration from the University of Wales in the United Kingdom in December 2013. He also completed an academic program related to real estate investment in Massachusetts Institute of Technology in the United States in October 2015. Mr. Liu Yuhui has been the deputy chairman of The General Association of Sichuan Entrepreneurs (四川省川商總會) since June 2016.

Mr. Liu Yuhui is the uncle of Mr. Liu Ce, one of the Controlling Shareholders, and Mr. Liu Haowei, vice president and senior management member of the Group. Please refer to the section headed "Senior Management" below for further information of Mr. Liu Haowei. Mr. Liu Yuhui has entered into the Acting in Concert Deed with Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli, the controlling shareholders of the Company.

Mr. Liu Yuhui has also entered into an acting in concert deed dated 29 January 2021 regarding the interest in Ling Yue Services Group Limited (stock code: 2165) with Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli.

Mr. Liu was a director of Sichuan Leibo Tianli Electric Power Development Co., Ltd. (四川雷波天利電力開發有限責任公司), a company established in the PRC with limited liability, whose license was revoked on 10 March 2009 as the company failed to commence its business for more than six months from the date of its establishment without justifiable reason or ceased business operations for more than six consecutive months. Mr. Liu confirmed that as of the date of this annual report, no claims have been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the revocation of business license of the above company.

Mr. Luo Changlin (羅昌林), aged 52, was appointed as an executive Director and chief financial officer of the Company on 16 December 2019. He is responsible for managing the financial operations and cost control of the Group. Mr. Luo joined the Group in January 2011 as the cost manager of the financial management center of the Group. He was later promoted as the general manager of the financial management center of the Group in March 2016 and as the assistant president of the Group in July 2018.

Mr. Luo has over 20 years of experience in financial management. Prior to joining the Group, from July 1996 to October 2004, Mr. Luo served as the project finance manager in the first branch of China No. 5 Metallurgical Construction Company (中國第五冶金建設有限公司一分公司) (now known as the first engineering branch of China MCC 5 Group Corp. Ltd. (中國五冶集團有限公司第一工程分公司)), a company which is principally engaged in engineering contracting and property development business wholly owned by Metallurgical Corporation of China Ltd. (中國冶金科工股份有限公司) which is listed on the Main Board of the Stock Exchange (stock code: 1618) and the Shanghai Stock Exchange (stock code: 601618). From December 2004 to December 2010, Mr. Luo worked at Sichuan Jianye Construction Engineering Co., Ltd. (四川建業建築工程有限公司) (now known as Central Asia Construction Engineering Co., Ltd. (中亞建業建設工程有限公司)), a company which is principally engaged in construction engineering, with his last position as the general manager of finance department.

Mr. Luo obtained a diploma in finance and accounting from Mianyang College of Economy and Technology (綿陽經濟技術高等專科學校) in the PRC in July 1996. He also obtained a bachelor's degree in accounting from China Central Radio and Television University (中央廣播電視大學) (now known as the Open University of China (國家開放大學)) in the PRC in July 2014. In December 2019, Mr. Luo obtained a master's degree in business administration from the University of Electronic Science and Technology of China (電子科技大學) in the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Luo Ying (羅瑩), aged 41, was appointed as an independent non-executive Director on 17 November 2023 and is responsible for providing independent advice on the operations and management of the Group. Ms. Luo Ying is the chairperson of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

Ms. Luo has over 11 years of experience in investment and financial management. From October 2014 to December 2015, she worked as a financial director in Sichuan Development Financial Consulting Co., Ltd. (四川發展財務諮詢有限公司), a financial consulting company where she was primarily responsible for the daily operation and financial management of such company. From January 2016 to August 2016, she worked as a senior investment manager in the industry investment department in Sichuan Development Holding Co., Ltd. (四川發展控股有限公司), where she was primarily responsible for the investment and cooperation with other companies. From September 2016 to October 2017, she worked as a vice president of the financial department in Sinco Pharmaceuticals Holdings Limited (興科蓉醫藥控股有限公司), a provider of marketing, promotion and channel management services in the PRC pharmaceutical industry, whose shares are listed on Main Board of the Stock Exchange (stock code: 6833), where she was primarily responsible for market value management, refinancing, project investigation and mergers and acquisitions, formation of merger and acquisitions funds, and daily management of investor relations of such company. From November 2017 to August 2020, she worked as a general manager assistant in Sichuan Zhichuan Culture Co., Ltd. (四川知川文化有限公司), a platform company of The General Association of Sichuan Entrepreneurs (四川省川商總會) and a director of innovation center in The General Association of Sichuan Entrepreneurs, where she was primarily responsible for providing professional services in project investment, project management to global Sichuan entrepreneurs, as well as the daily operation and financial management of Sichuan Zhichuan Culture Co., Ltd. Since September 2020, she has been a deputy director in Sichuan Sky Software Co., Ltd. (四川四凱電腦軟體有限公司), a company providing software product and system operation and maintenance, where she was primarily responsible for the financial management and innovation business development of such company. Since June 2021, Ms. Luo has been serving as an independent non-executive director of Ling Yue Services Group Limited ("**Lingyue Services**"), whose shares are listed on Main Board of the Stock Exchange (stock code: 2165). Lingyue Services is 30%-controlled company (as defined in the Listing Rules) of the Ultimate Controlling Shareholders. Since May 2024, she has been the deputy general manager of Chengdu Fuding Xinrui Science and Technology Co., Ltd. (成都富鼎鑫瑞科技股份有限公司), responsible for the company's investment business.

Ms. Luo obtained a diploma in law from Nanjing University of Finance and Economics (南京財經大學) in the PRC in June 2006. She also obtained a master's degree in international business from the University of Sydney in Australia in August 2008. Ms. Luo obtained the qualification of intermediate economist (中級經濟師) granted by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) in November 2010. She also obtained the qualification of Board Secretaries of Listed Companies on the Shenzhen Stock Exchange (深圳交易所上市公司董事會秘書資格) granted by the Shenzhen Stock Exchange in July 2011. She also obtained the Securities Practice Qualification Certificate (基金從業資格證) granted by Asset Management Association of China (中國證券投資基金業協會) in November 2017.

Mr. Zhang Guanghu (張光虎), aged 51, was appointed as an independent non-executive Director, the chairperson of Audit Committee, a member of Remuneration Committee and Nomination Committee on 14 February 2025 and is responsible for providing independent advice on the operations and management of the Group.

Mr. Zhang has around 30 years' experience in finance, accounting and tax and also has extensive experience in legal practice. From September 1995 to May 2005, Mr. Zhang successively served as accountant, accountant in charge and financial manager at different construction and real estate companies. From June 2005 to August 2006, Mr. Zhang served as tax planner at Sichuan Wanhao Tax Advisor Firm (四川萬豪稅務師事務所). From September 2006 to June 2013, Mr. Zhang served as project manager at ShineWing Certified Public Accountants LLP (信永中和會計師事務所), primarily responsible for the provision of audit, due diligence and internal control service for the listed companies. From July 2013 to November 2014, Mr. Zhang served as financial manager at Sichuan Shenghua Group Co., Ltd. (四川聖樺集團有限公司), primarily responsible for financial and accounting management. From December 2014 to July 2017, Mr. Zhang served as deputy general manager at Bazhong Bashan Ecological Animal Husbandry Technology Co., Ltd. (巴中市巴山生態牧業科技股份有限公司), a company listed on the NEEQ (stock code: 872245), primarily responsible for the financial management and internal control. From August 2017 to June 2018, Mr. Zhang served as deputy general manager at Sichuan Daerzhi Information Technology Co., Ltd. (四川達爾志信息技術有限公司), primarily responsible for the financial management. From July 2018 to present, Mr. Zhang successively worked as practicing lawyer at Sichuan Pulian Law Firm (四川普聯律師事務所) and Beijing Huicheng (Chengdu) Law Firm (北京市惠誠(成都)律師事務所). From September 2021 to present, Mr. Zhang also served as a part-time financial consultant at Beijing Changcai Management Consulting Group Co., Ltd. (北京長財管理諮詢集團有限公司).

Mr. Zhang obtained a bachelor degree in accounting from Southwestern University of Finance and Economics (西南財經大學) in the People's Republic of China in 1995. He is also a Chinese Certified Public Accountant (currently a non-practising member) and is currently holding the lawyer practicing certificate in the PRC.

Biographies of Directors and Senior Management

Mr. Fang Min (方敏), aged 53, was appointed as an independent non-executive Director on 16 November 2020 and is responsible for providing independent advice on the operations and management of the Group. Mr. Fang Min is a member of the Audit Committee.

Mr. Fang has been teaching in the School of Economics of Peking University in the PRC since July 1999 and is now a professor in the School of Economics of Peking University. In September 2005, he was awarded the Second Prize of National Teaching Achievement Award (國家級教學成果獎二等獎) by Ministry of Education of the PRC (中華人民共和國教育部). In May 2009, he received the First Prize of Teaching Achievement Award of Beijing (Higher Education) (北京市教育教學成果(高等教育)一等獎) from the People's Government of Beijing (北京市人民政府). In May 2017, he received the Excellence Award in Finance Teaching of Cao Fengqi Finance Development Foundation (曹鳳岐金融發展基金金融教學優秀獎) from Cao Fengqi Finance Development Foundation of Peking University (北京大學曹鳳岐金融發展基金).

Mr. Fang obtained his bachelor's degree and master's degree in economics from Sichuan University (四川大學) in the PRC in July 1993 and July 1996, respectively. In July 1999, he obtained his doctor's degree in economics from Renmin University of China (中國人民大學) in the PRC. Mr. Fang obtained the Teacher's Qualification Certificate of PRC (中華人民共和國教師資格證書) from the Education Committee of Beijing (北京市教育委員會) in December 2002.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there was no information relating to the Directors that is required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules or any other matters concerning any Director that needs to be brought to the attention of the Shareholders as of the date of this annual report.

SENIOR MANAGEMENT

Mr. Liu Haowei (劉浩威), aged 32, was appointed as the vice president of the Group in January 2019 and is primarily responsible for the execution of the Group's business strategies, marketing management and the management of the Group's real estate projects in Ya'an.

Since May 2015, Mr. Liu Haowei has been responsible for the daily operation and the overall management and operation of the Group's real estate projects, including those in Zhumadian and Chongqing, playing a key role in the Group's business expansion in those areas. Mr. Liu Haowei currently holds various directorships in the Group's subsidiaries, including Chengdu Jingling Yinghe Real Estate Co., Ltd. (成都京領英赫置業有限公司)/Zhumadian Royal Post Cultural Tourism Development Co., Ltd. (駐馬店皇家驛站文化旅遊開發有限公司).

Mr. Liu Haowei obtained a bachelor's degree in business administration from the University of California, Irvine in the United States in June 2014. He also completed a private equity program in Antai College of Economics and Management of Shanghai Jiao Tong University (上海交通大學安泰經濟與管理學院) in the PRC in December 2015 and a capital investment and financing program in Peking University in the PRC in June 2017.

Mr. Liu Haowei is the nephew of Mr. Liu Yuhui, the chairman of the Board, an executive Director and chief executive officer of the Company, and the cousin of Mr. Liu Ce, one of the Controlling Shareholders. Mr. Liu Haowei has entered into the Acting in Concert Deed with Mr. Liu Ce, Mr. Liu Yuhui, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli, the controlling shareholders of the Company.

Mr. Liu Haowei has also entered into an acting in concert deed dated 29 January 2021 regarding the interest in Ling Yue Services Group Limited (stock code: 2165) with Mr. Liu Ce, Mr. Liu Yuhui, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli.

Corporate Governance Report

The Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholders' wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

CORPORATE GOVERNANCE PRACTICES

Compliance with the model code for securities transactions

The Company has adopted the Model Code as its own code of conduct for securities transactions conducted by Directors and relevant employees of the Company. After making specific enquires to all the Directors and relevant employees of the Company, each of them has confirmed that they have complied with the required standards set out in the Model Code for the year ended 31 December 2024.

The Company is not aware of any incident of non-compliance of the Model Code committed by any Directors, or relevant employees for the year ended 31 December 2024.

Compliance with the corporate governance code

The Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

The Company has adopted the principles and code provisions stated in the CG Code as contained in Appendix C1 to the Listing Rules throughout the year ended 31 December 2024. Except for the deviation from provision C.2.1 of the CG Code, the Company has complied with the code provisions as set out in the CG Code. Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Liu Yuhui is the chairman of the Board and the chief executive officer of the Company. In view of the fact that Mr. Liu Yuhui is the founder of the Group and has been operating and managing the Group since 1999, the Board believes that it is in the best interest of the Group to have Mr. Liu Yuhui taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance.

The Company is committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

Save for the deviation from code provision C.2.1 of the CG Code, the Board is of the view that the Company has adopted, applied and complied with all the code provisions as set out in part 2 of the CG Code for the year ended 31 December 2024.

Trainings of the directors

Each of the Directors have been given a comprehensive training session covering a wide range of topics including but not limited to directors' duties and responsibilities, corporate governance and continuing obligations of a listed company.

To ensure that each Director's better understanding in respect of the Company's conduct and business activities to perform their responsibilities as a Director, the Company will arrange appropriate training, including arranging and funding suitable training and professional development programme for the Directors. For newly appointed Directors, the Company shall also arrange for suitable induction training, so as to ensure that they have an appropriate understanding of the business and operations of the Group and that they are fully aware of their responsibilities and obligations under the Listing Rules and relevant regulatory requirements upon commencement of their directorship in the Company. During the year ended 31 December 2024, all the Directors, together with the relevant senior management of the Company, have attended suitable induction and/or trainings arranged by the Company. During the year ended 31 December 2024 and up to the date of this annual report, the summary of training received by the Directors is as follows:

Directors	Type of Training (Note 1)
Executive Directors	
Mr. Liu Yuhui (<i>Chairman</i>)	A
Mr. Luo Changlin	A
Independent Non-executive Directors	
Mr. Zhang Guanghu (<i>appointed on 14 February 2025</i>)	A
Ms. Luo Ying	A
Ms. Liang Yunxing (<i>resigned on 21 November 2024</i>)	A
Mr. Fang Min	A

Note 1: A. regulatory

Confirmation from Director under Rule 3.09D of the Listing Rules

Mr. Zhang Guanghu was appointed on 14 February 2025, obtained legal advice on 12 February 2025 and confirmed that he understood his obligations as a director of the Company.

THE BOARD

The Board currently consists of five Directors, comprising two executive Directors and three independent non-executive Directors. The powers and duties of the Board include convening general meetings and reporting the Board's work at the Shareholders' meetings, determining the Group's business and investment plans, preparing annual financial budgets and final reports of the Group, formulating proposals for profit distributions and exercising other powers, functions and duties as conferred by the Articles of Association. The Board assumes the responsibility of leadership and control of the Company, supervises and approves strategic development objectives, significant decisions of operations and financial performance and takes decisions objectively in the best interests of the Company. The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Senior management of the Company is responsible for the day-to-day operations and management of the Group's business. Executive Directors and senior management of the Company meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

The Board has established various Board Committees and has delegated various duties to the Board Committees. All the Board Committees perform their distinct roles in accordance with their respective terms of reference.

BOARD COMPOSITION

Executive Directors

Mr. Liu Yuhui (*Chairman and Chief Executive Officer*)
Mr. Luo Changlin

Independent Non-executive Directors

Ms. Luo Ying
Ms. Liang Yunxing (*resigned on 21 November 2024*)
Mr. Zhang Guanghu (*appointed on 14 February 2025*)
Mr. Fang Min

The Company has entered into service agreements with each of the executive Director, and letters of appointment with each of the independent non-executive Directors. Further details of the term of appointment of the Directors are set out in the section headed "Report of the Directors — Directors' service Agreements and Letters of Appointment" on page 63 of this annual report.

The Directors' respective biographical information is set out on pages 32 to 37 of this annual report. Save as disclosed, there is no relationship (including financial, business, family or other material relationship) between members of the Board.

Ms. Liang Yunxing has resigned as an independent non-executive Director on 21 November 2024. Following the resignation of Ms. Liang, the Company fails to meet the requirement of Rules 3.10, 3.21, 3.25 and 3.27A of the Listing Rules due to the lack of suitable candidate. The Company has subsequently identified and appointed Mr. Zhang Guanghu as an independent non-executive Director, the chairman of the Audit Committee, a member of the Remuneration Committee, and a member of the Nomination Committee on 14 February 2025. Following the appointment of Mr. Zhang, the Company has re-complied with the requirements of Rules 3.10, 3.21, 3.25 and 3.27A of the Listing Rules.

The Company has received from each independent non-executive Director an annual written confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules. The Company considers each of the independent non-executive Directors to be independent.

Chairman and chief executive officer

The roles of chairman and chief executive officer of the Company are performed by Mr. Liu Yuhui. Further details are set out in the section headed "Corporate Governance Practices — Compliance with the corporate governance code" above.

Board meetings and annual general meeting

The Board meets regularly to discuss and formulate the overall strategy, operations and financial performance of the Group. Board meetings are held at least four times a year and notices of Board meetings are given to the Directors 14 days before the convening of the meeting, in order to give all Directors the opportunity to attend.

During the year ended 31 December 2024, the Board held 8 Board meetings and 1 general meeting and the Directors made positive contributions to the affairs of the Group. The attendance record of each Director is set out below:

Name of Director	Number of Board meetings attended/number of Board meetings entitled to attend during the year ended 31 December 2024	Number of Audit Committee meetings attended/number of Audit Committee meetings entitled to attend during the year ended 31 December 2024	Number of Remuneration Committee meetings attended/number of Remuneration Committee meetings entitled to attend during the year ended 31 December 2024	Number of Nomination Committee meetings attended/number of Nomination Committee meetings entitled to attend during the year ended 31 December 2024	Number of general meetings attended/number of general meetings entitled to attend during the year ended 31 December 2024
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Executive Directors

Mr. Liu Yuhui (<i>Chairman and Chief Executive Officer</i>)	8/8	N/A	2/2	2/2	1/1
Mr. Luo Changlin	8/8	N/A	N/A	N/A	1/1

Independent non-executive Directors

Mr. Zhang Guanghu (<i>appointed on 14 February 2025</i>)	N/A	N/A	N/A	N/A	N/A
Ms. Luo Ying	8/8	3/3	2/2	2/2	1/1
Ms. Liang Yunxing (<i>resignation on 21 November 2024</i>)	7/8	2/3	2/2	2/2	1/1
Mr. Fang Min	7/8	3/3	N/A	N/A	1/1

BOARD COMMITTEES

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist the Board in discharging its duties and overseeing particular aspects of the Group's activities. Each of the Board Committees has specific written terms of reference which clearly specify their authority and duties. The chairpersons of the Board Committees will report their findings and recommendations to the Board after each meeting of the Board Committees.

AUDIT COMMITTEE

The Group has established the Audit Committee on 16 November 2020 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the code provision D.3 of the CG Code. The Audit Committee currently consists of three members, namely, Mr. Zhang Guanghu, Ms. Luo Ying and Mr. Fang Min, all of whom are independent non-executive Directors. Mr. Zhang Guanghu is the chairperson of the Audit Committee and is the independent non-executive Director with the appropriate professional qualifications. Ms. Liang Yunxing resigned as the chairperson of the Audit Committee on 21 November 2024 and Mr. Zhang Guanghu was appointed as the chairperson of the Audit Committee on 14 February 2025.

The primary duties of the Audit Committee include, but not limited to (i) reviewing and supervising the financial reporting process and internal control system of the Group, risk management and internal audit; (ii) providing advice and comments to the Board; and (iii) performing other duties and responsibilities as may be assigned by the Board.

During the year ended 31 December 2024, 3 meetings of the Audit Committee were held. The work performed by Audit Committee during the year ended 31 December 2024 includes but not limited to (i) reviewing annual results of 2023 and annual report of 2023, interim results of 2024 and interim report of 2024; (ii) reviewing audit and review reports of the auditors; (iii) reviewing the effectiveness of the risk management and internal control systems of the Group; (iv) reviewing the continuing connected transactions; (v) considering the re-appointment of external auditor of the Company; (vi) reviewing the resources of accounting and financial reporting functions of the Group; (vii) considering the change of external auditor and (viii) reviewing the effectiveness of the Company's internal audit function.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters including the review of the audited annual consolidated financial statements of the Company for the year ended 31 December 2024. The Audit Committee is of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

REMUNERATION COMMITTEE

The Group has established the Remuneration Committee on 16 November 2020 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the code provision E.1 of the CG Code. The Remuneration Committee currently consists of one executive Director and two independent non-executive Directors, namely, Mr. Liu Yuhui, Ms. Luo Ying and Mr. Zhang Guanghu. Ms. Luo Ying is the chairperson of the Remuneration Committee. Ms. Liang Yunxing resigned as a member of the Remuneration Committee on 21 November 2024 and Mr. Zhang Guanghu was appointed as a member of the Remuneration Committee on 14 February 2025.

The primary duties of the Remuneration Committee include, but not limited to (i) establishing, reviewing and providing advices to the Board on the Company's policy and structure concerning remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each executive Director and senior management member; (iii) reviewing the remuneration of non-executive Directors and recommending to the Board for approval; (iv) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time; and (v) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

During the year ended 31 December 2024, 2 meetings of the Remuneration Committee were held. The work performed by the Remuneration Committee during the year ended 31 December 2024 includes but not limited to (i) discussing and determining the remuneration adjustments for 2024 of executive Directors and senior management; and (ii) reviewing the remuneration of independent non-executive Directors for 2024 and recommending to the Board for approval.

NOMINATION COMMITTEE

The Group has established the Nomination Committee on 16 November 2020 with written terms of reference in compliance with the code provision B.3 of the CG Code. The Nomination Committee currently consists of one executive Director and two independent non-executive Directors, namely Mr. Liu Yuhui, Ms. Luo Ying and Mr. Zhang Guanghu. Mr. Liu Yuhui is the chairperson of the Nomination Committee. Ms. Liang Yunxing resigned as a member of the Nomination Committee on 21 November 2024 and Mr. Zhang Guanghu was appointed as a member of the Nomination Committee on 14 February 2025.

The primary duties of the Nomination Committee include, but not limited to (i) reviewing the structure, size and composition of the Board on a regular basis and making recommendations to the Board regarding any proposed changes to the composition of the Board; (ii) identifying, selecting or making recommendations to the Board on the selection of individuals nominated for directorship, and ensure the diversity of the Board members; (iii) assessing the independence of the independent non-executive Directors; and (iv) making recommendations to the Board on relevant matters relating to the appointment, re-appointment and removal of the Directors and succession planning for the Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the policy on nomination of Directors (the "**Nomination Policy**") that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the year ended 31 December 2024, 2 meetings of the Nomination Committee were held. The work performed by the Nomination Committee during the year ended 31 December 2024 includes but not limited to (i) reviewing the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board; (ii) assessing the independence of independent non-executive Directors; (iii) reviewing the Board Diversity Policy and the Nomination Policy; and (iv) reviewing the re-appointment of Directors who are subject to retire by rotation at the annual general meeting.

The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board is maintained.

Nomination policy

The Company has adopted the Nomination Policy which sets out the selection criteria and procedures to nominate Board candidates. When making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, the Nomination Committee would consider a number of factors in assessing the suitability of the proposed candidate, including but not limited to:

- (i) reputation for integrity;
- (ii) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- (iii) diversity in all aspects, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge;
- (iv) the ability to assist and support management and make significant contributions to the Group;
- (v) commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board Committees;
- (vi) compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment or re-appointment of an independent non-executive Director; and
- (vii) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

Appointment of any proposed candidates to the Board or re-appointment of any existing members of the Board shall be made in accordance with the Articles of Association and other applicable rules and regulations. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting.

The nomination process set out in the Nomination Policy is as follows:

Appointment of New Director

- (i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents.
- (ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- (iii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- (iv) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

Re-election of Director at General Meeting

- (i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.
- (ii) The Nomination Committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria as set out above.
- (iii) The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

Board Diversity Policy

The Company recognises the benefits of having a diversified Board. The Company has adopted the Board Diversity Policy with the aim of achieving an appropriate level of diversity among Board members according to the circumstances of the Group from time to time. In summary, the Board Diversity Policy sets out that when considering the nomination and appointment of a Director, with the assistance of the Nomination Committee, the Board would consider a range of diversity of perspectives, including but not limited to the skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender and the potential contributions that

the candidate is expected to bring to the Board, in order to better serve the needs and development of the Company. All Board appointments will be based on merits and candidates will be considered against objective criteria, having due regard to the benefits of diversity to the Board. The current Board had already got one female member. The Board considered it has achieved a gender diversity considering that the Group is mainly engaged in the property development industry, where the employees are dominantly male. The Company will also ensure that there is gender diversity when recruiting staff at mid to senior level of the Group so that it will have a pipeline of female senior management and potential successors to the Board in the future.

An analysis of the Board's current composition based on the measurable objectives is set out below:

Gender

Male: 4 Directors
Female: 1 Director

Age Group

40–50: 1 Director
51–60: 4 Directors

Designation

Executive Directors: 2 Directors
Independent Non-executive Directors:
3 Directors

Educational Background

Business Administration: 1 Director
Accounting and Finance: 2 Directors
Legal: 1 Director
Other: 1 Director

Nationality

Chinese: 5 Directors

Business Experience

Accounting & Finance: 2 Directors
Experience related to the Company's business:
2 Directors
Other: 1 Director

The Nomination Committee and the Board are of the view that the current composition of the Board has achieved the objectives set in the Board Diversity Policy.

The Nomination Committee will review the Nomination Policy and the Board Diversity Policy from time to time to ensure its continued effectiveness.

Gender Diversity of Employees

As at 31 December 2024, the Group has a total of 585 employees, and the ratio of male to female employees (including the senior management) is approximately 52:48 (As at 31 December 2023: 55:45). Considering that the Group is mainly engaged in the property development, the employees mainly consist of technical personnel and general workers, most of them are male, as a result, the Nomination Committee considered that the current ratio of male and female employees is relatively balanced.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the CG Code.

During the year ended 31 December 2024, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

The Board has resolved to adopt a Board Independence Evaluation Mechanism, to ensure independent view and input are available to the Board. The Board Independence Evaluation Mechanism includes various measures to ensure independent views and input are available to the Board.

The Board shall at all times comprise at least three independent non-executive Directors that represent at least one-third of the Board, such that there is always a strong element of independence on the Board which can effectively exercise independent judgment. Each independent non-executive Director is required to provide an annual confirmation of his/her independence to the Company and the nomination committee of the Company is responsible to assess the independence of each independent non-executive Director at least annually.

All the Directors, including the independent non-executive Directors, are given equal opportunity and channels to communicate and express their views to the Board and have separate and independent access to the management of the Group in order to make informed decisions. All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The chairman of the Board will hold meetings with the independent non-executive Directors without the involvement of other Directors at least annually to discuss any issues and concerns. Any Director or his/her associate who has a conflict of interest in a matter to be considered by the Board will be dealt with by a physical Board meeting rather than by written resolutions. Such Director will be required to declare his/her interests before the meeting and abstain from voting and not counted towards the quorum on the relevant resolutions. Independent non-executive Directors who, and whose associates, have no interest in the matter should attend the Board meeting.

The Board has reviewed and considered that the Board Independence Evaluation Mechanism is effective in ensuring that independent views and input are provided to the Board during the year ended 31 December 2024.

ANNUAL REMUNERATION PAYABLE TO THE MEMBERS OF SENIOR MANAGEMENT

The annual remuneration of the members of the senior management by band for the year ended 31 December 2024 is as follows:

Remuneration bands (RMB)	Number of individuals
Nil – 1,000,000	1

DIRECTORS' REMUNERATION POLICY

The Directors' remuneration policy is set out in the section headed "Management Discussion and Analysis — Employees and Remuneration Policy" on pages 30 to 31 of this annual report.

AUDITOR'S REMUNERATION

Ernst & Young has resigned as auditor of the Company since 6 December 2024. SHINEWING (HK) CPA Limited has been appointed as auditor of the Company since 6 December 2024. The remuneration payable to SHINEWING (HK) CPA Limited for the audit service for the financial results of the Group for the year ended 31 December 2024 are RMB1.7 million. The non-audit services payable to ShineWing Certified Public Accountants are RMB28,200 for the preparation of environmental, social and governance report of the Group for the year ended 31 December 2024.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements of the Group for the year ended 31 December 2024, which give a true and fair view of the state of affairs of the Group and of the operating results and cash flow for the year. The Directors consider that the financial statements have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates, reasonable information and prudent judgment of the Board and the management.

The statements of the auditor of the Group about its reporting responsibility on the consolidated financial statements of the Group are set out in the Independent Auditor's Report on pages 75 to 77 of this annual report.

The following is an extract of the independent auditor's report from SHINEWING (HK) CPA Limited, the auditor of the Company:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the *Basis for Disclaimer of Opinion* section of our report, it is not possible for us to form an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Multiple uncertainties relating to going concern

As set out in note 2.1 to the consolidated financial statements, the Group recorded a net loss of RMB2,334,805,000 and a net operating cash outflow for the year ended 31 December 2024. As at 31 December 2024, (i) the Group's total bank and other borrowings and senior notes amounted to RMB5,194,680,000, out of which RMB2,766,980,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB874,662,000; (ii) the Group had not repaid an aggregate principal amount of RMB872,940,000 for senior notes according to their scheduled repayment dates; and (iii) an aggregate principal amount of RMB1,529,489,000 for certain interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment dates. In addition, as at 31 December 2024 and as of the date of approval of these consolidated financial statements, the Group has been and is being sued by various parties for various reasons, details of which are set out in note 2.1 to the consolidated financial statements. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Notwithstanding the abovementioned, these consolidated financial statements have been prepared by the directors of the Company on a going concern basis, the validity of which depends upon the successful outcome of the Group's various plans and measures, as set out in note 2.1 to the consolidated financial statements, to mitigate its liquidity pressure and to improve its financial performance, which are subject to multiple uncertainties.

As a result of these multiple uncertainties, their potential interaction, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve the intended plans and measures as mentioned in note 2.1 to the consolidated financial statements, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2024.

The Directors are aware of the audit issue (the “**Audit Issue**”) as extracted above. In view of such circumstances, the Directors have undertaken a number of plans and measures (the “**Plans and Measures**”) to improve the Group’s liquidity and financial position, including the following: (i) the Group has been actively negotiating with the Group’s existing lenders to seek renewal or extension for repayment of the Group’s bank and other borrowings; (ii) the Group has been actively negotiating with several financial institutions to obtain new loans at a reasonable cost for ensuring delivery of its property projects under development; (iii) the Group will continue to seek other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures; (iv) the Group has prepared a business strategy plan focusing on the acceleration of the sales of properties; (v) the Group has implemented measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; (vi) the Group will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows; and (vii) the Group has been proactive in seeking ways to settle the outstanding litigations of the Group.

After taking into account of the above Plans and Measures and the Group’s cash flow projections prepared by the management covering a period of not less than twelve months from 31 December 2024, the Directors are of the opinion that the Group will have sufficient working capital for its operations and can meet its financial obligations as and when they fall due. Accordingly, the Directors considered that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2024 on a going concern basis (the “**Going Concern Assumption**”). However, as these Plans and Measures are still ongoing, the successful implementation of these are subject to multiple significant uncertainties which are crucial to the Going Concern Assumption. In this respect, the Directors agreed with the auditor of the Group to the Audit Issue.

Having critically reviewed the Audit Issue, the cashflow forecast and the Plans and Measures, the Audit Committee concurs with the management’s view regarding the Audit Issue, the Going Concern Assumption and the Plans and Measures.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for overseeing the Company's risk management and internal control systems on an ongoing basis. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems. The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives of the Group, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk management structure of the Company

The Group believes that risk management is crucial to the success of any property developer in the PRC. Key operational risks the Group are facing include changes in PRC political and economic conditions, changes in the PRC regulatory environment, availability of suitable land sites for developments at reasonable prices, availability of financing to support the Group's developments, ability to complete development projects on time and competition from other property developers.

The Group has established the following structures and measures to manage risks:

- The Board and senior management team are responsible for determining the Group's business and investment plans, preparing the Group's annual financial budgets and final reports and formulating proposals for profit distributions, and are in charge of the overall risk control of the Group. Any significant business decisions involving material risks are revised by the Board.
- The Group's management team at headquarters level is in charge of the daily business operations and risk monitoring of local projects, and is responsible for the supervision of different aspects of local operations on a daily basis as well as the supervision and approval of any material business decisions of respective project companies. The Group has formulated clear reporting lines between the management at the Group's city company level and group level.
- The Directors, managers of sales and market department and other managers of relevant department at the headquarters level will discuss and make final site selection decisions.
- The Group's internal audit and risk control department is responsible for monitoring the implementation of the Group's internal control measures.
- The Group's legal department is responsible for legal matters at the Group's headquarters level and for its local subsidiaries. The legal department supervises the legal compliance of production, operation, employment, financing, material transactions and acquisitions.

Risk management and internal control procedure

The Company has established internal control measures led by the Board whereby the management is responsible for assisting the Board in completing the identification and evaluation of risk factors of the business systems, implementing the Company's policies and procedures and participating in the design and operation of such measures that meet the Company's management requirements, which provides reliable assurance for the Company to carry out its business to prevent the occurrence of significant operational risks and losses. The Group also has an internal audit and risk control function which primarily carries out analysis and independent appraisal of the adequacy and effectiveness of its risk management and internal control systems, and reports their findings to the Board on, at least, an annual basis.

Risk management and internal control review

A review of the effectiveness of the Group's risk management and internal control systems, including financial, operation and compliance controls, will be conducted by the Board at least annually. The Board reviews each year the effectiveness of the Group's risk management and internal control systems for the previous financial year, and makes evaluations and suggestions on the Group's risk management and internal control systems and process through internal and external professionals and institutions.

The annual review in respect of the year ended 31 December 2024 has considered, among others (i) adequacy of resources; (ii) staff qualifications and experience; (iii) training programmes for the staff; and (iv) budget of the Group's accounting, internal audit and financial reporting functions. The Board also conducted a comprehensive evaluation on the timeliness, effectiveness and normativity of the procedures for handling and releasing inside information of the Company, as well as the effectiveness of the Company's processes for financial reporting and Listing Rules compliance.

For the year ended 31 December 2024, the Board considers that the risk management and internal control systems of the Company are effective and adequate.

Dissemination of inside information

The Group has in place a framework for the disclosure of inside information by reference to the Guidelines on Disclosure of Inside Information issued by the SFC. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in an appropriate and timely manner, such as steps to ascertain sufficient details, conduct internal assessment of the matter and its likely impact on the Company, seek professional advice where required and verification of the facts. Before the information is fully disclosed to the public, any persons who possess the knowledge of such information must ensure strict confidentiality and must not deal in any of the Company's securities.

Whistle-blowing Policy

The Group has formulated internal policies including the “Integrity, Self-discipline and Anti-fraud Management System”, and established an effective whistle-blowing system. On the one hand, the establishment of whistle-blowing policies and systems aims to strengthen internal integrity management and ensure a healthy and sustainable development for the Group; on the other hand, those who deal with the Group (e.g. customers and suppliers) can raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Group.

In order to effectively prevent fraud, the Group has set up a special whistle-blowing mailbox to encourage employees and others who deal with the Group to report disciplinary violations through e-mail and other means. The Group also sets up special auditors to regularly inspect whether the whistle-blowing channel is effective, investigate and report the reported matters, and assist the management in carrying out remedial measures.

Anti-Corruption Policy

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal audit function, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery. The Anti-Corruption Policy is available on the website of the Company.

During the year ended 31 December 2024, the Company held an anti-corruption training and briefing to all employees.

SHAREHOLDERS' RIGHT

Procedures for Shareholders to Convene an Extraordinary General Meeting

In accordance with article 58 of the Articles of Association, any one or more Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for putting forward proposals at general meetings

There are no provisions in the Cayman Companies Act for Shareholders to put forward new resolutions at the general meetings. Shareholders who wish to put forward a new resolution may follow article 58 of the Articles for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures are set out above.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time make enquiries to the Board in writing through the contact details as follows:

Leading Holdings Group Limited
46/F, Tower A
Leading International Finance Center
No. 151, 2nd Tianfu Street
Gaoxin District
Chengdu, Sichuan Province
PRC

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

To safeguard Shareholder interests and rights, separate resolutions should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Shareholders' Communication Policy

The Company has in place a Shareholders' Communication Policy. The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively. The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy and the results were satisfactory.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(a) Corporate Communication

“Corporate Communication” as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) the Directors’ report, annual accounts together with a copy of the auditor’s report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange’s website (www.hkex.com.hk) in a timely manner as required by the Listing Rules. Corporate Communication will be provided to Shareholders and non-registered holders of the Company’s securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Listing Rules. Shareholders and non-registered holders of the Company’s securities shall have the right to choose the language (either English or Chinese) or means of receipt of the Corporate Communication (in printed form or through electronic means).

(b) Announcements and Other Documents pursuant to the Listing Rules

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Memorandum and Articles of Association) on the Stock Exchange’s website in a timely manner in accordance with the Listing Rules.

(c) Corporate Website

Any information or documents of the Company posted on the Stock Exchange’s website will also be published on the Company’s website (www.leading-group.com). Other corporate information about the Company’s business developments, goals and strategies, corporate governance and risk management will also be available on the Company’s website.

(d) Shareholders’ Meetings

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolutions(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the Chairman of the Board and other Board members, the chairmen of board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders’ questions (if any). The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent Shareholders’ approval.

(e) Shareholders' Enquiries

Enquiries about Shareholdings

Shareholders should direct their enquiries about their shareholdings to the Company's share registrar, Computershare Hong Kong Investor Services Limited, via its online holding enquiry service at www.computershare.com/hk/contact or call its hotline at (852) 2862 8555, or go in person to its public counter at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Enquiries about Corporate Governance or Other Matters to be put to the Board and the Company

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send any enquiries to the Board by email: ldkf@leading-group.cn or by post to 46/F, Tower A, Leading International Finance Center, No. 151, 2nd Tianfu Street, Gaoxin District, Chengdu, Sichuan Province, PRC.

(f) Other Investor Relations Communication Platforms

Investor/analysts briefings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums etc. will be launched on a required basis.

The Company has reviewed the shareholders' communication policy and considers that the Company has provided various channels for investors to understand the business and operations of the Group as well as channels for investors to express their opinions and comments. The Company believes that the shareholders' communication policy implemented during the year is adequate and effective.

COMPANY SECRETARY

With the resignation of Mr. Luo Changlin and Ms. Tang King Yin from the position of joint company secretaries of the Company on 23 February 2024, the Company has appointed Mr. So Wing Chun ("**Mr. So**") as the company secretary of the Company with effect from 23 February 2024. Mr. So has resigned as the company secretary of the Company with effect from 30 July 2024 while Ms. Yan Hoi Ling Jovian ("**Ms. Yan**") has been appointed as the company secretary of the Company with effect from 30 July 2024. Ms. Yan is a senior manager of SWCS Corporate Services Group (Hong Kong) Limited and has over 15 years of experience in corporate governance and company secretarial practice in listed companies. Ms. Yan obtained a bachelor's degree of business (banking and finance) from Monash University, Australia and a master's degree in professional accounting and corporate governance from the City University of Hong Kong. She is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Mr. Luo Changlin, an executive Director, is the principal contact person of Ms. Yan in the Company.

Ms. Yan has confirmed that for the year ended 31 December 2024, she has taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

On the annual general meeting dated 30 May 2024, the resolution has been passed to amend the Articles of Association for the purposes of, among others, (i) updating and bringing the Articles of Association in line with the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which takes effect from 31 December 2023; and (ii) better aligning the amendments to the Articles of Association for house-keeping purposes with the Listing Rules and the applicable laws of the Cayman Islands. For details, please refer to the announcement and circular of the Company dated 28 March 2024 and 25 April 2024 respectively.

During the year ended 31 December 2024, save as disclosed, no material change has been made on the Articles of Association.

Report of the Directors

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the development and sales of residential and commercial properties. In addition, the Group holds a portion of commercial properties developed by the Group for further investment purpose and is engaged in hotel management business.

RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and comprehensive income on page 78 of this annual report.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the past five financial years is set out on pages 181 to 182 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2024 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company during the year ended 31 December 2024 are set out in note 33 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year ended 31 December 2024, and reserves available for distribution to Shareholders by the Company as at 31 December 2024 are set out on pages 81 to 82 and 180 of this report.

BORROWINGS AND SENIOR NOTES

Details of borrowings and senior notes of the Group during the year ended 31 December 2024 are set out in note 31 and 32 respectively to the consolidated financial statements.

DEBENTURES

During the year ended 31 December 2024, the Company did not issue any debentures.

DIVIDEND POLICY AND FINAL DIVIDEND

Dividend policy

The provision F.1.1 of the CG Code stipulates that the Company should have a policy on payment of dividends. The Group has no pre-determined rate and, subject to compliance with the relevant laws of the Cayman Islands and the Articles of Association, the Company has the right to declare dividends in any currency, but no dividend may be declared in excess of the amount recommended by the Board. The Articles of Association provide that dividends may be declared and paid out of the Group's profit, realized or unrealized, or from any reserve set aside from profit which the Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of the Company's share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Companies Act and the Articles of Association. The Company considers it more appropriate to determine a dividend payment after taking into account those factors including the Company's then financial performance, operating and capital requirements and market conditions, to enable the Company to be in a better position to cope with its future development, which is to the best interest of the Company and its shareholders as a whole.

The Company will declare dividends, if any, in Hong Kong dollars with respect to the Shares on a per-Share basis and will pay such dividends in Hong Kong dollars. The amount of dividends actually distributed to the Shareholders will depend upon the Group's earnings and financial condition, operating requirements, capital requirements and any other conditions that the Directors may deem relevant and will be subject to the approval of the Shareholders save that interim dividend may be paid by the Board if the Board is satisfied that such payment is justified by the Group's profits.

Final dividend

The Board did not recommend the payment of a final dividend for the year ended 31 December 2024.

As at 31 December 2024, there was no arrangement under which a Shareholder had waived or agreed to waive any dividends.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be convened and held on Friday, 30 May 2025. A notice convening the AGM will be published on the Company's website and the website of Hong Kong Exchange and Clearing Limited and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course. For the purpose of determination of eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 27 May 2025 to Friday, 30 May 2025 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to be entitled to attend and vote at the forthcoming AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Monday, 26 May 2025.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, revenue attributable to the largest customer of the Group amounted to approximately 0.15% of the total revenue in the year and the five largest customers of the Group accounted for 0.32% of the Group's total revenue in the year.

For the year ended 31 December 2024, purchases attributable to the largest supplier of the Group amounted to approximately 28.04% of the total purchases in the year and the five largest suppliers of the Group accounted for 41.92% of the Group's total purchases in the year.

So far as the Board is aware, neither the Directors and their respective close associates nor any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in these major customers and suppliers.

EQUITY LINKED AGREEMENTS

Save for the Share Option Scheme as disclosed under the section headed "Share Option Scheme" below, during the year ended 31 December 2024, no equity-linked agreements were entered into by the Company or subsisted at the end of the year.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2024. The Company has no treasury shares as at 31 December 2024.

BOARD OF DIRECTORS

The Directors up to the date of this annual report are set out below:

Executive Directors

Mr. Liu Yuhui
Mr. Luo Changlin

Independent Non-executive Directors

Mr. Zhang Guanghu (*appointed on 14 February 2025*)
Ms. Luo Ying
Ms. Liang Yunxing (*resigned on 21 November 2024*)
Mr. Fang Min

DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service agreement with the Company for a term of three years commencing from the date of agreement renewal, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from the date of appointment or agreement renewal, which may be terminated by not less than three months' notice in writing served by either party on the other.

All the Directors, including the independent non-executive Directors, are subject to retirement by rotation at the annual general meetings of the Company pursuant to the Articles of Association.

None of the Directors has entered into specific service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each independent non-executive Director an annual written confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules for the year ended 31 December 2024. The Company considers each of the independent non-executive Directors to be independent.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2024 are set out in note 8 and note 9 to the consolidated financial statements.

None of the Directors waived his/her emoluments or has agreed to waive his/her emoluments for the year ended 31 December 2024.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Continuing Connected Transactions" below and the related party transactions as set out in note 42 to the consolidated financial statements, there was no transaction, arrangement or contract of significance subsisting during or at the end of the year ended 31 December 2024, to which the Company, its holding company or subsidiary was a party, and in which the Directors or their respective connected entities were materially interested, either directly or indirectly.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2024, none of the Directors were interested in any business apart from the Group's businesses, which competes or likely to compete, either directly or indirectly, with the businesses of the Group.

MANAGEMENT CONTRACTS

During the year ended 31 December 2024, no contract concerning the management of the whole or substantial part of any business of the Company was entered into, or subsisted at the end of the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save for the Share Option Scheme as disclosed under the section headed “Share Option Scheme” below, none of the Company, its holding company, or any of its subsidiaries was a party to any arrangement enabling the Directors to acquire benefits by means of the acquisition of equity or debt securities, including the debentures of the Company or any other body corporate during the year ended 31 December 2024.

CONTROLLING SHAREHOLDERS’ INTERESTS IN CONTRACT OF SIGNIFICANCE

Save as disclosed in the section headed “Continuing Connected Transactions” below and the related party transactions as set out in note 42 to the consolidated financial statements, no contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries, and no contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries was entered into during the year ended 31 December 2024.

COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

Each of the Ultimate Controlling Shareholders has entered into the Deed of Non-Competition in favour of the Company, details of which are set out in the section headed “Relationship with Controlling Shareholders — Deed of Non-Competition” in the Prospectus.

Each of the Ultimate Controlling Shareholders has confirmed to the Company that, as at 31 December 2024, he/she has complied with the Deed of Non-Competition as disclosed in the Prospectus (the “**Undertakings**”).

The independent non-executive Directors have reviewed the compliance with the Deed of Non-Competition by each of the Ultimate Controlling Shareholders. On the basis that: (i) the Company has received the confirmation from each of the Ultimate Controlling Shareholders regarding the Undertakings; (ii) there was no competing business reported by each of the Ultimate Controlling Shareholders; and (iii) there was no particular situation rendering the full compliance of the Undertakings being questionable, the independent non-executive Directors are of the view that the Deed of Non-Competition has been complied with and enforced by the Company for the year ended 31 December 2024.

CONNECTED TRANSACTIONS

During the year ended 31 December 2024, the Company conducted the following transactions which constitute non-exempt connected transactions (as defined in the Listing Rules) of the Company, details of these transactions are set out below:

1. Property management services

On 28 July 2023, the Company entered into a property management services framework agreement (the “**2023 Property Management Services Framework Agreement**”) with Ling Yue Services, pursuant to which the Group agreed to engage Lingyue Services and its subsidiaries (the “**Lingyue Services Group**”) to provide on-site management services for construction sites, display units and on-site sales offices (the “**On-site Management Services**”) and other property management services, including but not limited to, consultancy services prior to delivery of properties and property management services for properties and car parks owned by the Group (collectively, the “**Property Management Services**”). The Property Management Services Framework Agreement has a term commencing from the 1 January 2023 to 31 December 2025.

The Ling Yue Services Group has extensive experience in on-site management of construction sites, display units and on-site sales offices and property management of properties and car parks. The Group has a long and stable cooperative relationship with the Ling Yue Services Group. It is familiar with the Group’s requirements and standards and could offer competitive prices to the Group.

The Directors estimated that the maximum transaction amounts under the 2023 Property Management Services Framework Agreement for the years ended 31 December 2023, 2024, 2025 will not exceed RMB129,000,000, RMB152,000,000 and RMB182,000,000, respectively. For the year ended 31 December 2024, the actual transaction amount paid by the Group to Lingyue Services Group for the Property Management Services amounted to RMB56.1 million.

Lingyue Services is 30%-controlled company (as defined in the Listing Rules) of our Ultimate Controlling Shareholders. As such, Lingyue Services and its subsidiaries are connected persons of the Company for the purpose of the Listing Rules.

For further details, please refer to the announcements of the Company dated 28 July 2023, 29 September 2023, 31 October 2023 and 5 December 2023 and the circular of the Company dated 15 November 2023.

Confirmation from the independent non-executive directors

Pursuant to Rule 14A.55 of the Listing Rules, all the independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that they have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the respective agreement governing the above continuing connected transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation from the auditors

In accordance with Rule 14A.56 of the Listing Rules, the Group has engaged its auditors to report on the Group's continuing connected transactions. The auditors of the Group have issued a letter to the Board confirming that nothing has come to their attention that causes them to believe that the above continuing connected transactions (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded their respective annual cap.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2024 are disclosed in note 42 to the consolidated financial statements. Save as disclosed, none of the related party transactions constitute connected transactions or continuing connected transactions of the Company.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions or continuing connected transactions entered into by the Group during the year ended 31 December 2024.

SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of the Shareholders passed on 16 November 2020.

Purpose

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognize and acknowledge the contributions that the Eligible Participants (as defined hereinbelow) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

Participants

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “**Eligible Participants**”) to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any directors (including independent non-executive Directors) of the Company or any of its subsidiaries; and
- (iii) any advisors, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries.

Maximum number of shares available for issue

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 10% of the total number of Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, being 100,000,000 Shares, representing approximately 9.74% of the total number of Shares in issue as at the date of this annual report.

Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to approval of the Shareholders.

Acceptance and exercise of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favor of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The Share Option Scheme does not specify any minimum holding period but the Board has the authority to determine for which a share option must be held before it can be exercised. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

Subscription price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be determined by the Board in its absolute discretion, but in any event must be at least the higher of:

- (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date on which such option is offered in writing to the Eligible Participant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date on which such option is offered in writing to the Eligible Participant; and
- (iii) the nominal value of a Share.

Duration of the Share Option Scheme

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date up to 9 December 2030. The remaining life of the Share Option Scheme is approximately 5 years and 8 months.

For further details of the Share Option Scheme, please refer to the section headed "Statutory and General Information — D. Other Information — 1. Share Option Scheme" in Appendix V to the Prospectus.

As at 31 December 2024, no option had been granted or agreed to be granted under the Share Option Scheme. The number of options available for grant under the Share Option Scheme at the beginning and the end of the financial year of 2024 is 100,000,000 Shares.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 December 2024, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise be notified to the Company and the Stock Exchange pursuant to the Model Code are set out below:

(I) interests in shares or underlying shares of the company

Name of Director	Nature of interest	Number of Shares held ⁽¹⁾	Approximate percentage of interest in the Company ⁽²⁾
Liu Yuhui ⁽³⁾	Interest in controlled corporation	766,374,000 (L)	74.63%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Calculated on the basis of 1,026,945,000 Shares in issue as at 31 December 2024.
- (3) Pursuant to the Acting in Concert Deed, the Ultimate Controlling Shareholders have agreed and confirmed, among other things, from the date when they became the registered owners and/or beneficial owners of the equity interests in Rong Liang Group and/or Liang Yuan Asset Management until after Listing and to the date when any one of them cease to be the Controlling Shareholders: (a) they had been and would continue to be parties acting in concert and they have agreed to consult with each other and reach an unanimous consensus among themselves before the decision, implementation and agreement on all material management affairs, votings and/or commercial decisions, including but not limited to financial and operational matters, of any member of the Group; (b) they had casted and would continue to cast their votes as directors and/or shareholders (as appropriate) unanimously for or against all resolutions in all board and shareholders' meetings and discussions of any member of the Group; and (c) they had cooperated and would continue to cooperate with one another to acquire, maintain and consolidate the control and management of the Group. By virtue of the SFO, each of the Ultimate Controlling Shareholders together with their respective investment holding companies (being Yuan Di, Fan Tai, Jin Sha Jiang, Yue Lai, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan) are all deemed to be interested in the total Shares directly held by Yuan Di, Fan Tai, Jin Sha Jiang, Yue Lai, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan. Therefore, Mr. Liu Yuhui is deemed to be interested in the Shares held by Yuan Di, Fan Tai, Jin Sha Jiang, Yue Lai, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan for the purpose of Part XV of the SFO.

(II) interests in shares or underlying shares of the company's associated corporations (long position)

Name of Director	Name of associated corporation	Nature of interest	Number of shares held	Approximate percentage of interest
Liu Yuhui	Jin Sha Jiang	Beneficial owner	1	100.00%
	Yue Lai	Beneficial owner	1	100.00%

Save as disclosed above, as at 31 December 2024, none of the Directors and chief executives of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF PERSONS OTHER THAN THE DIRECTORS AND CHIEF EXECUTIVES

As at 31 December 2024, the following persons, other than a Director or chief executive of the Company, had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of interest/Capacity	Number of Shares held⁽¹⁾	Approximate percentage of interest in the Company⁽²⁾
Mr. Liu Ce ⁽³⁾⁽⁴⁾	Interest in controlled corporation	766,374,000 (L)	74.63%
Yuan Di ⁽³⁾⁽⁴⁾	Beneficial owner	209,088,000 (L)	20.36%
Mr. Liu Haowei ⁽³⁾⁽⁵⁾	Interest in controlled corporation	766,374,000 (L)	74.63%
Ling Yue ⁽³⁾⁽⁵⁾	Beneficial owner	209,162,250 (L)	20.37%
Ms. Wang Tao ⁽³⁾⁽⁶⁾	Interest in controlled corporation	766,374,000 (L)	74.63%
Ms. Long Yiqin ⁽³⁾⁽⁷⁾	Interest in controlled corporation	766,374,000 (L)	74.63%
Ms. Hou Sanli ⁽³⁾⁽⁸⁾	Interest in controlled corporation	766,374,000 (L)	74.63%

Name of Shareholder	Nature of interest/Capacity	Number of Shares held⁽¹⁾	Approximate percentage of interest in the Company⁽²⁾
Ms. Lan Tian ⁽⁹⁾	Interest of spouse	766,374,000 (L)	74.63%
Mr. Liu Yuqi ⁽¹⁰⁾	Interest of spouse	766,374,000 (L)	74.63%
Mr. Liu Shan ⁽¹¹⁾	Interest of spouse	766,374,000 (L)	74.63%
Ms. Chen Ao Ao ⁽¹²⁾	Interest of spouse	766,374,000 (L)	74.63%
Jin Sha Jiang ⁽³⁾	Beneficial owner	232,587,000 (L)	22.65%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Calculated on the basis of 1,026,945,000 Shares in issue as at 31 December 2024.
- (3) Pursuant to the Acting in Concert Deed, the Ultimate Controlling Shareholders have agreed and confirmed, among other things, from the date when they became the registered owners and/or beneficial owners of the equity interests in Rong Liang Group and/or Liang Yuan Asset Management until after Listing and to the date when any one of them cease to be the Controlling Shareholders; (a) they had been and would continue to be parties acting in concert and they have agreed to consult with each other and reach an unanimous consensus among themselves before the decision, implementation and agreement on all material management affairs, votings and/or commercial decisions, including but not limited to financial and operational matters, of any member of the Group; (b) they had casted and would continue to cast their votes as directors and/or shareholders (as appropriate) unanimously for or against all resolutions in all board and shareholders' meetings and discussions of any member of the Group; and (c) they had cooperated and would continue to cooperate with one another to acquire, maintain and consolidate the control and management of the Group. By virtue of the SFO, each of the Ultimate Controlling Shareholders together with their respective investment holding companies (being Yuan Di, Fan Tai, Yue Lai, Jin Sha Jiang, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan) are all deemed to be interested in the total Shares directly held by Yuan Di, Fan Tai, Jin Sha Jiang, Yue Lai, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan for the purpose of Part XV of the SFO.
- (4) 209,088,000 and 37,125,000 Shares are held by Yuan Di and Fan Tai, respectively. Yuan Di and Fan Tai are wholly owned by Mr. Liu Ce. By virtue of SFO, Mr. Liu Ce is deemed to be interested in the Shares held by Yuan Di and Fan Tai.
- (5) 209,162,250 and 37,125,000 Shares are held by Ling Yue and Lian Rong, respectively. Ling Yue and Lian Rong are wholly owned by Mr. Liu Haowei. By virtue of SFO, Mr. Liu Haowei is deemed to be interested in the Shares held by Ling Yue and Lian Rong.
- (6) 1,262,250 Shares are held by San Jiang Yuan, which is in turn wholly owned by Ms. Wang Tao. By virtue of SFO, Ms. Wang Tao is deemed to be interested in the Shares held by San Jiang Yuan.
- (7) 1,262,250 Shares are held by Fu Sheng, which is in turn wholly owned by Ms. Long Yiqin. By virtue of SFO, Ms. Long Yiqin is deemed to be interested in the Shares held by Fu Sheng.
- (8) 1,262,250 Shares are held by Shan Yuan, which is in turn wholly owned by Ms. Hou Sanli. By virtue of SFO, Ms. Hou Sanli is deemed to be interested in the Shares held by Shan Yuan.
- (9) Ms. Lan Tian, the spouse of Mr. Liu Ce, is deemed to be interested in all the Shares that Mr. Liu Ce is interested in by virtue of the SFO.
- (10) Mr. Liu Yuqi, the spouse of Ms. Hou Sanli, is deemed to be interested in all the Shares that Ms. Hou Sanli is interested in by virtue of the SFO.

Report of the Directors

- (11) Mr. Liu Shan, the spouse of Ms. Wang Tao, is deemed to be interested in all the Shares that Ms. Wang Tao is interested in by virtue of the SFO.
- (12) Ms. Chen Ao Ao, the spouse of Mr. Liu Haowei, is deemed to be interested in all the Shares that Mr. Liu Haowei is interested in by virtue of the SFO.

Save as disclosed above, as at 31 December 2024, no other person, other than a Director or chief executive of the Company, had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

PRE-EMPTIVE RIGHTS AND TAX RELIEF OR EXEMPTION

There are no provisions for pre-emptive rights under the Articles of Association or the laws of Cayman Islands (being the jurisdiction in which the Company was incorporated) which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

The Board is not aware of any tax relief or exemption available to any existing Shareholder by reason of his/her holding of the securities of the Company.

BUSINESS REVIEW

The Group's business review and its future business development are set out in the Chairman's statement on page 9 of this annual report. An analysis of the Group's business using financial key performance indicators, and description of the principal risks and uncertainties facing the Group are set out in the Management Discussion and Analysis on pages 10 to 31 of this annual report.

A discussion on the Group's environmental policies and performance, its compliance with relevant laws and regulations that have a significant impact on the Group will be set out in the Environmental, Social and Governance Report to be published separately. The Group's relationship with employees, customers and suppliers is set out in the section headed "Relationship with Stakeholders" below.

ENVIRONMENTAL PROTECTION

The Group is subject to a number of environmental and safety laws and regulations in the PRC including the PRC Environmental Protection Law 《(中華人民共和國環境保護法)》, the PRC Prevention and Control of Noise Pollution Law 《(中華人民共和國環境噪聲污染防治法)》, the PRC Environmental Impact Assessment Law 《(中華人民共和國環境影響評價法)》 and the Administrative Regulations on Environmental Protection for Development Projects 《(建設項目環境保護管理條例)》. Pursuant to these laws and regulations, the Group has engaged licensed independent third-party environmental consultants to conduct environmental impact assessments at all of its construction projects, and such environmental impact assessments will be submitted to relevant governmental authorities for approval before commencement of development. Upon completion of construction works, the constructor shall make an acceptance check of the matching environmental protection facilities and prepare an acceptance report according to the standards and procedures stipulated by the competent administrative department of environmental protection under the State Council.

Under typical construction contracts, the Group requires its contractors to strictly comply with relevant environmental laws and regulations. The Group inspects the construction sites regularly and require its contractors to immediately rectify any breach or non-compliance identified.

During the year ended 31 December 2024, no material fines or penalties were imposed on the Group for non-compliance of PRC environmental laws and regulations. In addition, the Group had obtained all required approvals in relation to the environmental impact reports, where applicable, for its projects under development. Further details of the Group's environmental policies and performance will be disclosed in the environmental, social and governance report of the Company for the year ended 31 December 2024 to be published in due course in accordance with the Listing Rules.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2024, the Group had, in all material respects, complied with all the relevant and applicable PRC laws and regulations governing the business of property development and management and the Group had obtained all licenses, permits and certificates for the purpose of operating its business.

LITIGATION

During the year ended 31 December 2024, the Group was involved in certain litigation and arbitration cases in the regular course of its business for certain interest bearing bank and other borrowings which had not been repaid according to their scheduled repayment dates as mentioned in note 2.1 to the financial statements.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that employees, customers and business partners are keys to its sustainable development.

The Group believes that the successful implementation of its growth and business strategies relies on a team of experienced, motivated and well-trained managers and employees at all levels. The Group recruits employees from well-known universities, top property developer companies and large corporations in the PRC. The Group continues to provide professional training to its employees, to provide various training sessions nurturing core skill sets including but not limited to operation management skills, customized for our employees with different professional experience. The Group engages experts in the industry from China and abroad to offer classes. Through training and education, the Group continues to optimize its workforce. The Group uses commissions, bonuses and incentives to motivate its employees. The Group believes that such measures can effectively attract and retain talents and enhance the performance of its employees.

The Group understands that it is important to maintain good relationship with customers by ensuring its product quality to enhance customer loyalty. To better understand its customers' needs, the Group has conducted customer surveys regularly since 2014. Through the surveys, the Group collects its customers' comments and concerns.

The Group's major suppliers are construction material suppliers and construction contractors. During the year ended 31 December 2024, the Group selected suppliers through open tendering/bidding process conducted either by its project companies, or by its headquarters periodically pursuant to a partially-centralized approach adopted by the Group starting from 2019.

CHARITABLE DONATIONS

The donations made by the Group during the year ended 31 December 2024 amounted to RMB23,000 (2023: RMB2,020,000).

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association, all Directors or other key officers of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all of the Company losses or liabilities which they may sustain or incur arising from or incidental to the execution of their duties.

SUBSEQUENT EVENTS

No material events were undertaken by the Group subsequent to 31 December 2024 and up to the date of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Pursuant to Rule 8.08(1)(a) of the Listing Rules provides that there must be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities. This normally means that at least 25% of the issuer's total issued shares must at all times be held by the public.

Based on the information that is publicly available to the Company and to the knowledge of the Directors, as at the date of this annual report, the Company has maintained a sufficient public float as required under the Listing Rules.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2024 have been audited by SHINEWING (HK) CPA Limited, the auditor of the Company. As Ernst & Young and the Company have not reached consensus of the audit fees for the financial year ending 31 December 2024 and resigned as auditors of the Company, the Company has appointed SHINEWING (HK) CPA Limited as the auditors of the Company on 6 December 2024. For further details, please refer to the announcement of the Company dated 6 December 2024. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as the Company's auditor will be proposed at the forthcoming AGM of the Company.

Leading Holdings Group Limited

Liu Yuhui

Chairman of the Board

Hong Kong, 28 March 2025



SHINEWING (HK) CPA Limited
17/F., Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣
告士打道311號
皇室大廈安達人壽大樓17樓

TO THE SHAREHOLDERS OF LEADING HOLDINGS GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Leading Holdings Group Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 78 to 180, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and 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.

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the *Basis for Disclaimer of Opinion* section of our report, it is not possible for us to form an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern

As set out in note 2.1 to the consolidated financial statements, the Group recorded a net loss of RMB2,334,805,000 and a net operating cash outflow for the year ended 31 December 2024. As at 31 December 2024, (i) the Group’s total bank and other borrowings and senior notes amounted to RMB5,194,680,000, out of which RMB2,766,980,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB874,662,000; (ii) the Group had not repaid an aggregate principal amount of RMB872,940,000 for senior notes according to their scheduled repayment dates; and (iii) an aggregate principal amount of RMB1,529,489,000 for certain interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment dates. In addition, as at 31 December 2024 and as of the date of approval of these consolidated financial statements, the Group has been and is being sued by various parties for various reasons, details of which are set out in note 2.1 to the consolidated financial statements. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Notwithstanding the abovementioned, these consolidated financial statements have been prepared by the directors of the Company on a going concern basis, the validity of which depends upon the successful outcome of the Group’s various plans and measures, as set out in note 2.1 to the consolidated financial statements, to mitigate its liquidity pressure and to improve its financial performance, which are subject to multiple uncertainties.

As a result of these multiple uncertainties, their potential interaction, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve the intended plans and measures as mentioned in note 2.1 to the consolidated financial statements, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2024.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE 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 International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and the disclosure of the Company requirements of 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and to issue an auditor's report, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the "Basis for Disclaimer of Opinion" section of our report, it is not possible for us to form an opinion on these consolidated financial statements.

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.

The engagement partner on the audit resulting in this independent auditor's report is Lau Kai Wong.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed a disclaimer opinion on those statements on 28 March 2024.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Lau Kai Wong

Practising Certificate Number: P06623

Hong Kong

28 March 2025

Consolidated Statement of Profit or Loss and Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	8,571,476	18,493,524
Cost of sales		(8,457,341)	(16,727,734)
Gross profit		114,135	1,765,790
Other income and gains	5	30,828	85,091
Selling and distribution expenses		(280,609)	(1,013,184)
Administrative expenses		(198,462)	(294,754)
Fair value losses on investment properties, net		(398,700)	(355,900)
Other expenses		(619,867)	(39,571)
Finance costs	7	(325,410)	(262,376)
Share of profits and losses of:			
Joint ventures		28,123	12,200
Associates		(63,672)	(2,629)
LOSS BEFORE TAX	6	(1,713,634)	(105,333)
Income tax expense	10	(621,171)	(880,205)
LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(2,334,805)	(985,538)
Attributable to:			
Owners of the parent		(2,084,744)	(1,319,083)
Non-controlling interests		(250,061)	333,545
		(2,334,805)	(985,538)
LOSSES PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted			
— For loss for the year		RMB(2.03)	RMB(1.28)

Consolidated Statement of Financial Position

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	111,246	144,867
Investment properties	16	3,131,400	3,530,100
Right-of-use assets	15	35,185	48,099
Other intangible assets	14	16,217	19,034
Investments in joint ventures	17	127,867	397,117
Investments in associates	18	40,172	104,603
Deferred tax assets	19	277,597	779,512
Other non-current assets	26	16,696	143,730
Total non-current assets		3,756,380	5,167,062
CURRENT ASSETS			
Properties under development	21	10,647,204	15,301,782
Completed properties held for sale	22	3,529,663	5,846,246
Trade receivables	23	31,356	41,332
Prepayments, deposits and other receivables	24	2,569,981	4,250,699
Due from related companies	42	162,881	813,325
Financial assets at fair value through profit or loss	20	—	900
Other current assets	25	63,381	119,351
Tax recoverable		382,162	499,478
Restricted cash	27	554,026	598,800
Pledged deposits	27	51,380	96,432
Cash and cash equivalents	27	874,662	1,311,364
Total current assets		18,866,696	28,879,709
CURRENT LIABILITIES			
Trade and bills payables	28	4,849,136	5,513,317
Other payables and accruals	29	3,345,942	3,767,586
Interest-bearing bank and other borrowings	31	1,894,040	4,084,147
Senior notes	32	872,940	860,104
Contract liabilities	30	6,622,889	11,887,470
Lease liabilities	15	—	3,491
Due to related companies	42	103,259	598,309
Tax payable		1,920,819	2,094,888
Total current liabilities		19,609,025	28,809,312

Consolidated Statement of Financial Position

At 31 December 2024

	Notes	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
NET CURRENT (LIABILITIES) ASSETS		(742,329)	70,397
TOTAL ASSETS LESS CURRENT LIABILITIES		3,014,051	5,237,459
NON-CURRENT LIABILITIES			
Bank and other borrowings	31	2,427,700	2,141,350
Lease liabilities	15	—	8,539
Deferred tax liabilities	19	424,398	452,687
Total non-current liabilities		2,852,098	2,602,576
NET ASSETS		161,953	2,634,883
EQUITY			
Equity attributable to owners of the parent			
Share capital	33	8,670	8,670
Reserves	34	180,907	2,260,427
		189,577	2,269,097
Non-controlling interests		(27,624)	365,786
TOTAL EQUITY		161,953	2,634,883

Mr. Liu Yuhui
Director

Mr. Luo Changlin
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the parent							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Capital reserve	Statutory surplus reserve	Accumulated losses	Other reserve			
	RMB'000 (note 33)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000	RMB'000 (note 34)	RMB'000	RMB'000	RMB'000
As at 1 January 2024	8,670	1,279,392	3,527,224	(88,798)	1,096,632	(3,570,794)	16,771	2,269,097	365,786	2,634,883
Total comprehensive loss for the year	—	—	—	—	—	(2,084,744)	—	(2,084,744)	(250,061)	(2,334,805)
Bankruptcy reorganization of subsidiaries (note 39)	—	—	—	—	—	—	—	—	(95,813)	(95,813)
Withdrawal of capital contribution by non-controlling shareholders of subsidiaries (note 40 (b))	—	—	—	—	—	—	—	—	(31,500)	(31,500)
Acquisition of additional interests in subsidiaries (note 38)	—	—	—	5,224	—	—	—	5,224	(13,724)	(8,500)
Distribution declared to non-controlling shareholders	—	—	—	—	—	—	—	—	(2,312)	(2,312)
Appropriations to statutory surplus reserve	—	—	—	—	190,277	(190,277)	—	—	—	—
As at 31 December 2024	8,670	1,279,392*	3,527,224*	(83,574)*	1,286,909*	(5,845,815)*	16,771*	189,577	(27,624)	161,953

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the parent							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Capital reserve	Statutory surplus reserve	Accumulated losses	Other reserve			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 33)	(note 34)	(note 34)	(note 34)	(note 34)		(note 34)			
As at 1 January 2023	8,670	1,279,392	3,527,224	49,000	819,069	(1,955,713)	16,771	3,744,413	1,697,327	5,441,740
Total comprehensive loss for the year	—	—	—	—	—	(1,319,083)	—	(1,319,083)	333,545	(985,538)
Disposal of subsidiaries (note 40 (a))	—	—	—	—	(18,435)	—	—	(18,435)	(99,033)	(117,468)
Acquisition of additional interests in subsidiaries (note 38)	—	—	—	(137,798)	—	—	—	(137,798)	77,895	(59,903)
Withdrawal of capital contribution by non-controlling shareholders of Subsidiaries (note 40 (b))	—	—	—	—	—	—	—	—	(1,411,910)	(1,411,910)
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	—	2,650	2,650
Distribution declared to non-controlling shareholders	—	—	—	—	—	—	—	—	(234,688)	(234,688)
Appropriations to statutory surplus reserve	—	—	—	—	295,998	(295,988)	—	—	—	—
As at 31 December 2023	8,670	1,279,392*	3,527,224*	(88,798)*	1,096,632*	(3,570,794)*	16,771*	2,269,097	365,786	2,634,883

* These reserve accounts comprise the consolidated reserves of RMB180,907,000 (2023: RMB2,260,427,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
OPERATING ACTIVITIES		
Loss before tax		

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES		
Proceeds from disposal of items of property, plant and equipment	—	6,416
Purchase of items of property, plant and equipment	(3)	(14,050)
Purchase of intangible assets	(540)	(1,911)
Acquisition of subsidiaries	11,498	—
Disposal of subsidiaries	—	(266,206)
Bankruptcy reorganisation of subsidiaries	(118,592)	—
Proceeds from disposals of joint ventures	196,320	—
Dividends received from joint ventures	103,962	—
Settlement in consideration payable for acquisitions of subsidiaries in prior year	(81,379)	—
Disposals of financial assets at fair value through profit or loss	900	2,100
Advances to related companies	(30,065)	(461,853)
Repayment from related companies	467,703	1,039,223
Repayment from third parties	981,091	1,300,750
Net cash flows from investing activities	1,530,895	1,604,469
FINANCING ACTIVITIES		
Capital contribution by the non-controlling shareholders	—	2,650
Capital reduction of subsidiaries from non-controlling interests	(31,500)	(221,737)
Acquisition of additional interests from non-controlling interests	(8,500)	—
Repayments to third parties	(461,933)	(671,710)
(Repayments to)/advance from related companies	(469,683)	94,589
Proceeds from interest-bearing bank and other borrowings	—	15,000
Repayment of interest-bearing bank and other borrowings	(602,196)	(1,755,205)
Dividends paid to non-controlling shareholders of the Company	(2,312)	(35,000)
Government grants received	3,703	16,023
Interest paid	(211,444)	(544,323)
Payments of lease liabilities	(12,314)	(6,885)
Net cash flows used in financing activities	(1,796,179)	(3,106,598)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(436,702)	(1,284,600)
Cash and cash equivalents at beginning of year	1,311,364	2,595,964
CASH AND CASH EQUIVALENT AT END OF YEAR	874,662	1,311,364

1. CORPORATE AND GROUP INFORMATION

Leading Holdings Group Limited (the “Company”) is an exempted company with limited liability incorporated in the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Group was involved in the following principal activities:

- Property development
- Commercial property investment and operations
- Hotel operations

The ultimate controlling shareholders of the Company are Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli (the “Controlling Shareholders”).

In the opinion of the directors, the investment holding companies of the Company are Yuan Di Capital Limited, Fan Tai Investment Holding Limited, Yue Lai Investment Limited, Jin Sha Jiang Holding Limited, Ling Yue Capital Holding Limited, Lian Rong Capital Limited, San Jiang Yuan Investment Limited, Fu Sheng Capital Limited and Shan Yuan Holdings Limited, which are incorporated in the British Virgin Islands with limited liability, and controlled by the Controlling Shareholders.

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Subsidiaries	Place of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
Directly held				
Leading Group Investment Limited	British Virgin Islands	US\$50,000	100.00% (2023: 100.00%)	Investment holding
Du Neng Investment Limited	British Virgin Islands	US\$50	100.00% (2023: 100.00%)	Investment holding
Indirectly held				
領地香港有限公司 Leading Hong Kong Holdings Ltd.	Hong Kong	HK\$10,000	100.00% (2023: 100.00%)	Investment holding
Du Neng Capital Limited	Hong Kong	HK\$10,000	100.00% (2023: 100.00%)	Investment holding

Notes to Financial Statements

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Subsidiaries	Place of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
成都靈達企業管理集團有限公司 Chengdu Xida Enterprise Management Co., Ltd.	People's Republic of China ("PRC")/Chinese Mainland	US\$200,000,000	100.00% (2023: 100.00%)	Investment holding
成都恒禧企業管理諮詢有限公司 Chengdu Hengxi Business Management Co., Ltd.	PRC/Chinese Mainland	RMB1,500,000,000	100.00% (2023: 100.00%)	Investment holding
領地集團有限公司 Leading Real Estate Group Co., Ltd.	PRC/Chinese Mainland	RMB4,000,000,000	100.00% (2023: 100.00%)	Property development
成都漢景實業有限公司 Chengdu Hanjing Industrial Co., Ltd.	PRC/Chinese Mainland	RMB535,000,000	100.00% (2023: 100.00%)	Property development
成都港基房地產開發有限公司 Chengdu Gangji Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB83,485,321	100.00% (2023: 100.00%)	Property development
綿陽鴻遠領悅房地產開發有限公司 Mianyang Hongyuan Lingyue Real Estate Development Co., Ltd. ("Mianyang Hongyuan") (note 1)	PRC/Chinese Mainland	RMB20,000,000	49.50% (2023: 49.50%)	Property development
成都新隆置業有限公司 Chengdu Xinlong Real Estate Co., Ltd.	PRC/Chinese Mainland	RMB100,000,000	97.50% (2023: 97.50%)	Property development
惠州領地房地產開發有限公司 Huizhou Leading Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB20,000,000	100.00% (2023: 100.00%)	Property development
吉林省領地房地產開發有限公司 Jilin Province Leading Real Estate Development Co., Ltd. ("Jilin Leading")	PRC/Chinese Mainland	RMB200,000,000	55.00% (2023: 55.00%)	Property development
凱里凱龍置業有限公司 Kaili Kailong Real Estate Co. Ltd.	PRC/Chinese Mainland	RMB8,000,000	99.01% (2023: 99.01%)	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Subsidiaries	Place of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
彭州旭合置業有限公司 Pengzhou Xuhe Real Estate Co. Ltd.	PRC/Chinese Mainland	RMB20,000,000	50.49% (2023: 50.49%)	Property development
綿陽市宇航數碼科技有限公司 Mianyang Yuhang Shuma Technology Co., Ltd.	PRC/Chinese Mainland	RMB68,880,000	100.00% (2023: 100.00%)	Technology development
成都信勉置業有限公司 Chengdu Xinmian Real Estate Co. Ltd	PRC/Chinese Mainland	RMB20,000,000	99.00% (2023: 99.00%)	Property development
商丘川達房地產開發有限公司 Shangqiu Chuanda Real Estate Development Co. Ltd.	PRC/Chinese Mainland	RMB50,000,000	51.00% (2023: 51.00%)	Property development
南充領悅房地產開發有限公司 Nanchong Lingyue Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB60,975,000	99.03% (2023: 99.03%)	Property development
西昌恒量房地產開發有限公司 Xichang Hengliang Leading Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB25,000,000	99.28% (2023: 80.00%)	Property development
駐馬店盛世匯通房地產開發有限公司 Zhumadian Shengshihuitong Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB40,000,000	70.00% (2023: 70.00%)	Property development

Notes to Financial Statements

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Subsidiaries	Place of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
承德市雙灤區海建房地產開發有限公司 Haijian Real Estate Development Co., Ltd., Shuangluan District, Chengde City	PRC/Chinese Mainland	RMB50,000,000	50.49% (2023: 50.49%)	Property development
攀枝花領悅房地產開發有限公司 Panzhihua Lingyue Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB20,000,000	100.00% (2023: 100.00%)	Property development
荊州領悅房地產開發有限公司 Jingzhou Lingyue Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB50,000,000	100.00% (2023: 100.00%)	Property development
四川長壽坊房地產開發有限公司 Sichuan Longevity Fang Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB10,800,000	80.00% (2023: 80.00%)	Property development
荊州領創房地產開發有限公司 Jingzhou Lingchuang Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB50,000,000	100.00% (2023: 100.00%)	Property development
西昌領創房地產開發有限公司 Xichang Lingchuang Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB10,000,000	94% (2023: 0%)	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Subsidiaries	Place of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
西昌源地房地產開發有限公司 Xichang Yuandi Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB50,000,000	94% (2023: 0%)	Property development
西昌領源房地產開發有限公司 Xichang Lingyuan Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB21,280,000	89% (2023: 0%)	Property development
仁壽源地房地產開發有限公司 Renshou Yuandi Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB54,824,600	95% (2023: 87%)	Property development
眉山都能房地產開發有限公司 Meishan Douneng Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB54,824,600	95% (2023: 87%)	Property development

Note 1: As the Group has exposure or rights to variable returns from its involvement with the company, and has the ability to affect those returns through its majority of voting power and the existing rights of the company to direct the relevant activities, including but not limited to the budget, pricing and promotion strategies of the company, the Group has control over the company and the company is thus accounted for as a subsidiary of the Group.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, 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, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRSs (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. 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”) and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

During the year ended 31 December 2024, the Group recorded a net loss of RMB2,334,805,000 and a net operating cash outflow. As at 31 December 2024, (i) the Group’s total bank and other borrowings and senior notes amounted to RMB5,194,680,000, out of which RMB2,766,980,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB874,662,000; (ii) the Group had not repaid an aggregate principal amount of RMB872,940,000 for senior notes according to their scheduled repayment dates; (iii) an aggregate principal amount of RMB1,529,489,000 for certain interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment dates. In addition, as at 31 December 2024 and as of the date of approval of these consolidated financial statements, the Group has been and is being sued by various parties for various reasons.

The above conditions indicate the existence of material uncertainties which cast significant doubt over the Group’s ability to continue as a going concern. In view of such circumstances, the directors of the Company have undertaken a number of plans and measures to improve the Group’s liquidity and financial position, including the following:

- (i) The Group has been actively negotiating with the Group’s existing lenders to seek renewal or extension for repayment of the Group’s bank and other borrowings;
- (ii) The Group has been actively negotiating with several financial institutions to obtain new loans at a reasonable cost for ensuring delivery of its property projects under development;
- (iii) The Group will continue to seek other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures;
- (iv) The Group has prepared a business strategy plan focusing on the acceleration of the sales of properties;
- (v) The Group has implemented measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses;
- (vi) The Group will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows; and

2.1 BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

(vii) The Group has been proactive in seeking ways to settle the outstanding litigations of the Group.

After taking into account the above plans and measures and the Group's cash flow projections prepared by the management covering a period of not less than twelve months from 31 December 2024, the Directors are of the opinion that the Group will have sufficient working capital for its operations and can meet its financial obligations as and when they fall due. Accordingly, the Directors considered that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2024 on a going concern basis.

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

- (i) successfully negotiate with the Group's existing lenders for the renewal or extension for repayment of the Group's bank and other borrowings;
- (ii) successfully secure project development loans for qualified project development;
- (iii) successfully obtain additional new sources of financing as and when needed;
- (iv) successfully carry out the Group's business strategy plan including the acceleration of the sales of properties;
- (v) successfully implement measures to speed up the collection of outstanding sales proceeds and effectively controlling costs and expenses;
- (vi) successfully dispose of the Group's equity interests in project development companies when suitable; and
- (vii) successfully settle the outstanding litigations of the Group.

Should the Group be unable to operate as a going concern, adjustments may have to be made to write down the carrying values of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. 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).

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, using consistent accounting policies. The results of subsidiaries are consolidated from 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 owners of the parent of the Group 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 APPLICATION OF NEW AND AMENDMENTS TO IFRSs

Application of amendments to IFRSs

In the current year, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB which are effective for the Group's financial year beginning on 1 January 2024:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to IFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to IAS 1 Classification of Liabilities as Current or Non-current (the "2020 Amendments") and Amendments to IAS 1 – Non-current Liabilities with Covenants (the "2022 Amendments")

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 application of the amendments has no material impact on the classification of the Group's liabilities.

Impact on application of Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require a seller-lessee to determine "lease payments" or "revised lease payments" such that the seller-lessee would not recognize a gain or loss that relates to the right of use retained by the seller-lessee.

The application of the amendments had no material impact on the consolidated financial statements of the Group.

2.2 APPLICATION OF NEW AND AMENDMENTS TO IFRSs (Continued)

Application of amendments to IFRSs (Continued)

Impact on application of Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

The amendments 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.

The application of the amendments had no material impact on the consolidated financial statements of the Group.

New and amendments to IFRSs issued but not yet effective

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

IFRS 18	Presentation and Disclosure in Financial Statements ³
IFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to IAS 21	Lack of Exchangeability ¹
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11 ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²

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 periods beginning on or after 1 January 2027.

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

The directors of the Company anticipate that the application of other new and amendments to IFRSs will have no material impact on the results and the financial position of the Group.

2.3 MATERIAL ACCOUNTING POLICIES

Investments 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 the unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the statement of profit or loss. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment 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 over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from 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 IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.3 MATERIAL ACCOUNTING POLICIES (Continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date 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. 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.

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.

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 sum 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 net 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.

2.3 MATERIAL ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

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.

Fair value measurement

The Group measures its investment properties and equity investments 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.

2.3 MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

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.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, investment properties and non-current assets), the asset's recoverable amount is estimated. 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.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. 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 (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.3 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;
 - (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; and the sponsoring employers of the post-employment benefit plan;
 - (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.

2.3 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. 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 IFRS 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 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 the statement of 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 calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	4.75%
Hotel properties	4.75%
Motor vehicles	19.00% to 31.76%
Office equipment and electronic devices	19.00% to 31.67%
Leasehold improvements	Over the shorter of the lease terms and 33.33%

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 including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.3 MATERIAL ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including 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 values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If 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 and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset 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 a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless they will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

2.3 MATERIAL ACCOUNTING POLICIES (Continued)

Completed properties held for sale

Completed properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.3 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land use right	40 years
Leased properties	5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.3 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

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. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of 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.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss. ("FVPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

2.3 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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.

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

2.3 MATERIAL ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2.3 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt instruments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.3 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payable, other payables and accruals, financial guarantee contracts, amounts due to related companies, senior notes and interest-bearing bank and other borrowings.

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, amounts due to related companies, and borrowings)

After initial recognition, trade and other payables, amounts due to related companies, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of 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 the consolidated statement of profit or loss.

2.3 MATERIAL ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in “Impairment of financial assets”; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Senior notes

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the debt component of the senior notes is carried at amortised cost using the effective interest method.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

Derecognition of financial liabilities

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 the consolidated statement of profit or loss.

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.

2.3 MATERIAL ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Cash and cash equivalents in the 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 comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.3 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in IAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

2.3 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary difference arising from subsequent revisions to the carrying amounts of the right-of-use assets and lease liabilities resulting from remeasurement of the lease liabilities and lease modifications that are not subject to the initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets 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.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the consolidated statement of profit or loss by way of a reduced depreciation charge.

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 expects to be entitled in exchange for those goods or services.

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 IFRS 15.

2.3 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Sale of properties

For a property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has the present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of the financing component if it is significant.

Project Management

The Group provides management services to its customers at a fixed or variable amount. If the consideration is variable, revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The Group recognises revenue from management services over a period of time where the customer simultaneously receives and consumes the benefits provided by the Group or the Group has an enforceable right to payments for performance completed to date and the performance does not create an asset with an alternative use.

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Hotel operation

Hotel revenue is recognised at the point in time when the services are rendered and the promised goods are transferred to the customers.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other 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.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.3 MATERIAL ACCOUNTING POLICIES (Continued)

Contract costs

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (agency commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised 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 assets relate.

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its property development operation. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognised an asset for these costs only if they meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The asset so recognised is subsequently amortised 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 assets relate. The asset is subject to impairment review.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees in Hong Kong who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

2.3 MATERIAL ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Pension schemes (Continued)

The employees of the Group's subsidiaries which operates in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government (the "Central Pension Scheme", together with the MPF Scheme, the "Defined Contribution Schemes"). These subsidiaries are required to contribute a certain portion of their payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group's contributions to the Defined Contribution Schemes vest fully and immediately with the employees. Accordingly, (i) for the year ended 31 December 2024, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at 31 December 2024.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2.3 MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rate that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the exchange fluctuation reserve relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

For the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Going concern consideration

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks and material uncertainties, that may individually or collectively cast a significant doubt over the Group's ability to continue as a going concern, are set out in note 2.1 to the consolidated financial statements.

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the management of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, the management of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised deferred taxes of both enterprise income tax ("EIT") and land appreciation tax ("LAT") on changes in fair value of all investment properties.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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 described below:

Provision for properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

As at 31 December 2024, the carrying amount of properties under development and completed properties held for sale amounted to approximately RMB10,647,204,000 and RMB3,529,663,000 (2023: RMB15,301,782,000 and RMB5,846,246,000) respectively, net of impairment loss on properties under development and completed properties held for sale of approximately RMB2,165,010,000 and RMB814,006,000 (2023: RMB2,269,530,000 and RMB242,343,000) respectively.

Significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the timing value of money if the timing of payments agreed by the parties to the contract provides the Group with a significant benefit of financing.

Advance payments received from customers provide a significant financing benefit to the Group. Although the Group is required to place all deposits and periodic payments received from the pre-completion sales in a stakeholder's account, the Group is able to benefit from those advance payments as it can withdraw money from that account to pay for the expended construction costs on the project. The advance payments received in effect reduce the Group's need to rely on other sources of financing.

The amount of the financing component is estimated at the inception of the contract. After contract inception, the discount rate is not updated for changes in interest rates or other circumstances, such as a change in credit risk. The period of financing is from the time that the payment is received until the transfer of properties to the customers.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

PRC LAT

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for all its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and
- (c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2024 was RMB3,131,400,000 (2023: RMB3,530,100,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 16 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 19 to the financial statements.

Impairment of amounts due from non-controlling shareholders of the subsidiaries, related parties and trade and other receivables

The impairment provisions for due from non-controlling shareholders of the subsidiaries, related parties and trade and other receivables are based on assumptions about expected credit loss. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss.

The information about the impairment of amounts due from non-controlling shareholders of the subsidiaries, related parties and trade and other receivables are disclosed in note 45.

4. OPERATING SEGMENT INFORMATION

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

- | | |
|--|---|
| (a) Property development | Development and sale of properties and project management |
| (b) Commercial property investment and operations; | Property leasing |
| (c) Hotel operations | Hotel operations |

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment 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 bank interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

4. OPERATING SEGMENT INFORMATION (Continued)

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The Group's operations are mainly conducted in Chinese Mainland. Management considered that there is no reportable geographic segment as all revenues from external customers are generated in Chinese Mainland and the Group's significant non-current assets are located in Chinese Mainland.

Year ended 31 December 2024	Property development RMB'000	Commercial property investment and operations RMB'000	Hotel operations RMB'000	Total RMB'000
Segment revenue	8,438,133	85,786	47,557	8,571,476
Sales to external customers				
Segment results	(1,014,939)	(346,150)	21,396	(1,339,693)
<i>Reconciliation:</i>				
Bank interest income				7,680
Finance costs				(325,410)
Corporate and other unallocated expenses				(56,211)
Loss before tax from continuing operations				(1,713,634)
Segment assets	14,579,457	7,789,793	85,240	22,454,490
<i>Reconciliation:</i>				
Corporate and other unallocated assets				168,586
Total assets				22,623,076
Segment liabilities	15,895,760	6,054,929	147,894	22,098,583
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				362,540
Total liabilities				22,461,123

Notes to Financial Statements

For the year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2023	Property development <i>RMB'000</i>	Commercial property investment and operations <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue				
Sales to external customers	18,329,555	110,528	53,441	18,493,524
Segment results	495,397	(285,847)	15,638	225,188
<i>Reconciliation:</i>				
Bank interest income				11,917
Finance costs				(262,376)
Corporate and other unallocated expenses				(80,062)
Loss before tax from continuing operations				(105,333)
Segment assets	23,000,820	10,693,895	140,652	33,835,367
<i>Reconciliation:</i>				
Corporate and other unallocated assets				211,404
Total assets				34,046,771
Segment liabilities	22,972,840	7,862,162	210,261	31,045,263
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				366,625
Total liabilities				31,411,888

Information about major customers

There is no individual customer who contributed over 10% of the total revenue of the Group during the years ended 31 December 2024 and 2023.

Geographical information

The Group is domiciled in Mainland China. All external revenues of the Group are generated in Mainland China. The Group's non-current assets are all located in Mainland China. Thus, no geographic segment information is presented.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers		
Sale of properties	8,426,564	18,315,910
Hotel operations	47,557	53,441
Project management	11,569	13,645
Sub-total	<u>8,485,690</u>	<u>18,382,996</u>
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases	85,786	110,528
Total revenue	<u>8,571,476</u>	<u>18,493,524</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2024

Segments	Property development <i>RMB'000</i>	Project management operations <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services				
Sale of properties	8,426,564	—	—	8,426,564
Hotel operations	—	—	47,557	47,557
Project management services	—	11,569	—	11,569
Total revenue from contracts with customers	<u>8,426,564</u>	<u>11,569</u>	<u>47,557</u>	<u>8,485,690</u>
Timing of revenue recognition				
At a point in time	8,426,564	—	47,557	8,474,121
Recognised over time	—	11,569	—	11,569
Total revenue from contracts with customers	<u>8,426,564</u>	<u>11,569</u>	<u>47,557</u>	<u>8,485,690</u>

Notes to Financial Statements

For the year ended 31 December 2024

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

For the year ended 31 December 2023

Segments	Property development <i>RMB'000</i>	Project management operations <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services				
Sale of properties	18,315,910	—	—	18,315,910
Hotel operations	—	—	53,441	53,441
Project management services	—	13,645	—	13,645
Total revenue from contracts with customers	18,315,910	13,645	53,441	18,382,996
Timing of revenue recognition				
At a point in time	18,315,910	—	53,441	18,369,351
Recognised over time	—	13,645	—	13,645
Total revenue from contracts with customers	18,315,910	13,645	53,441	18,382,996

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	7,839,524	14,698,528

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of properties

The performance obligation is satisfied at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the remaining consideration is probable. For property sales contracts, the Group receives payments from customers based on billing schedules as established in the contracts. Payments are usually received in advance of the performance under the contracts.

Hotel operations

The performance obligation is satisfied at a point in time when services are rendered and the promised goods are transferred to the customers. Short-term advances are sometimes required before rendering the service.

Project management services

The performance obligation is satisfied over time as services are rendered and short-term advances are sometimes required before rendering the service. Project management service contracts are for periods of one year or less, or are billed based on the time incurred.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Amounts expected to be recognised as revenue		
Within one year	6,127,565	11,051,487
After one year	495,324	835,983
Total	6,622,889	11,887,470

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to the sale of properties that is to be satisfied within three years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

Notes to Financial Statements

For the year ended 31 December 2024

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations (Continued)

Project management services (Continued)

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Other income and gains		
Bank interest income	7,680	11,917
Management consulting service fees charged to joint ventures and associates	—	7,665
Government grants*	3,703	16,023
Commercial compensation	6,863	6,538
Gain on disposal of items of property, plant and equipment	—	5,247
Gain on disposal of subsidiaries (<i>note 40(a)</i>)	—	32,638
Gain on disposal of a joint venture (<i>note 17</i>)	2,909	—
Gain on debt restructure	7,416	3,273
Others	2,257	1,790
Total	30,828	85,091

* Government subsidy represented unconditional cash payments granted by government authorities.

6. LOSS BEFORE TAX

The Group's loss before tax from continuing operations is arrived at after charging/(crediting):

	2024 RMB'000	2023 RMB'000
Costs of properties sold included in cost of sales	8,397,566	16,354,142
Impairment losses recognised for properties under development (included in cost of sales)	721,460	605,118
Impairment losses recognised for completed properties held for sale (included in cost of sales)	479,333	197,168
Impairment losses recognised for trade receivables (<i>note 1</i>)	608	—
Impairment losses recognised for other receivables (<i>note 1</i>)	115,535	299
Impairment losses recognised for due from related companies (<i>note 1</i>)	212,807	—
Loss on bankruptcy reorganisation of subsidiaries (<i>note 1</i>)	245,697	—
Depreciation of items of property, plant and equipment	33,675	31,889
Depreciation of right-of-use assets	12,914	7,612
Amortisation of other intangible assets	3,357	3,665
Expense relating to short-term leases	1,547	2,257
Provision for financial guarantee contracts	26,005	—
Auditor's remuneration	1,700	2,800
Employee benefits expense (including directors' and chief executive's remuneration):		
Wages and salaries	144,574	171,326
Pension scheme contributions and social welfare	10,693	13,363
Less: amounts capitalised to properties under development for sale	(21,471)	(28,237)
	133,796	156,452

note 1: These items are included in "Other expenses" in the consolidated statement of profit or loss.

Notes to Financial Statements

For the year ended 31 December 2024

7. FINANCE COSTS

An analysis of finance costs is as follows

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on bank loans and other borrowings, and senior notes	440,026	815,348
Interest on lease liabilities	284	785
Interest on pre-sales deposits included in contract liabilities	183,509	858,180
Total interest expense	623,819	1,674,313
Less: Interest capitalised	(298,409)	(1,411,937)
	325,410	262,376

Interest capitalised arose on the general borrowing pool of the Group was calculated by applying a capitalisation rate of approximately 6.46% (2023: 7.91%) per annum to expenditure on the qualifying assets.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Fees	518	706
Other emoluments:		
Salaries, allowances and benefits in kind	300	909
Performance-related bonuses*	56	159
Pension scheme contributions and social welfare	34	34
Subtotal	390	1,102
Total fees and other emoluments	908	1,808

* Certain executive director of the Company is entitled to bonus payments which are associated with the profit after tax of the Group.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Mr. Fang Min	186	300
Ms. Jin Xu*	—	94
Ms. Liang Yunxing	194	300
Ms. Luo Ying*	138	12
Total	518	706

* Ms. Jin Xu, an independent non-executive director of the Company, resigned on 17 November 2023, and Ms. Luo Ying was appointed as Ms. Jin Xu's successor.

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

Notes to Financial Statements

For the year ended 31 December 2024

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors and the chief executive

2024

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance- related bonuses RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
Executive directors					
— Mr. Liu Yuhui (chief executive)	—	—	—	19	19
— Mr. Luo Changlin	—	300	56	15	371
Total	—	300	56	34	390

2023

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance- related bonuses RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
Executive directors					
— Mr. Liu Yuhui (chief executive)	—	418	—	13	431
— Mr. Luo Changlin	—	326	159	14	499
— Ms. Hou Xiaoping*	—	165	—	7	172
Total	—	909	159	34	1,102

* Ms. Hou Xiaoping resigned on 5 July 2023.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2023: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year did not include any directors (2023: Nil). Details of directors' remuneration are set out in note 8 above. Details of the remuneration for the year of the five (2023: five) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Salaries, allowances and benefits in kind	2,111	2,436
Performance related bonuses	1,271	1,507
Pension scheme contributions and social welfare	46	58
Total	3,428	4,001

The remuneration of the non-director and non-chief executive highest paid employee fell within the following bands as follow:

	Number of employees	
	2024	2023
Nil to HKD1,000,000	5	4
HKD1,000,001 to HKD1,500,000	—	1
Total	5	5

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to Financial Statements

For the year ended 31 December 2024

10. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2024 and 2023.

Subsidiaries of the Group operating in Mainland China, except for Tibet Ludi Industrial Co., Ltd. ("Tibet Ludi"), are subject to PRC EIT at a rate of 25% for the year. Tibet Ludi enjoyed a preferential EIT rate of 15% during the year ended 31 December 2024 and 2023.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included a provision for LAT in taxation according to the requirements set forth in the relevant Chinese Mainland tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax:		
PRC EIT	139,941	380,582
PRC LAT	51,295	462,537
Deferred tax (<i>note 19</i>)	429,935	37,086
Total income tax expense for the year	621,171	880,205

10. INCOME TAX EXPENSE (Continued)

A reconciliation of income tax expense applicable to loss before tax at the statutory tax rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate is as follows:

	2024 RMB'000	2023 <i>RMB'000</i>
Loss before tax	(1,713,634)	(105,333)
At the statutory income tax rate	(428,409)	(26,333)
Lower tax rates for specific provinces or enacted by local authority	2,438	2,574
Profits and losses attributable to joint ventures and associates	8,887	(2,393)
Expenses not deductible for tax	111,743	107,570
Deductible temporary differences and tax losses not recognised	659,141	451,884
Provision for LAT	51,295	462,537
Tax effect on LAT	(12,824)	(115,634)
Reversal of deferred tax assets recognised in prior years	228,900	—
Tax charged at the Group's effective tax rate	621,171	880,205

Notes to Financial Statements

For the year ended 31 December 2024

11. DIVIDENDS

The Board has resolved not to declare any dividend for the year ended 31 December 2024 (2023: Nil).

12. LOSSES PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic losses per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,026,945,000 (2023: 1,026,945,000) in issue during the year.

No adjustment has been made to the basic losses per share amounts presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue for the years ended 31 December 2024 and 2023.

The calculations of basic and diluted losses per share are based on:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Earnings		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted losses per share calculation	(2,084,744)	(1,319,083)
	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue used in the basic and diluted losses per share calculation	1,026,945,000	1,026,945,000

13. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles RMB'000	Office equipment and electronic devices RMB'000	Buildings RMB'000	Hotel properties RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2024						
At 1 January 2024						
Cost	56,117	56,647	55,308	111,600	121,068	400,740
Accumulated depreciation	(52,540)	(51,276)	(25,825)	(26,505)	(99,727)	(255,873)
Carrying amount	3,577	5,371	29,483	85,095	21,341	144,867
At 1 January 2024, net of accumulated depreciation	3,577	5,371	29,483	85,095	21,341	144,867
Additions	—	3	—	—	—	3
Acquisition of subsidiaries (note 37)	—	51	—	—	—	51
Depreciation provided during the year	(3,177)	(3,109)	(2,623)	(5,301)	(19,465)	(33,675)
At 31 December 2024, net of accumulated depreciation	400	2,316	26,860	79,794	1,876	111,246
At 31 December 2024:						
Cost	56,117	56,701	55,308	111,600	121,068	400,794
Accumulated depreciation	(55,717)	(54,385)	(28,448)	(31,806)	(119,192)	(289,548)
Carrying amount	400	2,316	26,860	79,794	1,876	111,246

Notes to Financial Statements

For the year ended 31 December 2024

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Motor vehicles RMB'000	Office equipment and electronic devices RMB'000	Buildings RMB'000	Hotel properties RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2023						
At 1 January 2023						
Cost	55,061	55,571	55,949	111,600	110,100	388,281
Accumulated depreciation	(49,415)	(48,167)	(23,051)	(21,204)	(82,147)	(223,984)
Carrying amount	5,646	7,404	32,898	90,396	27,953	164,297
At 1 January 2023, net of accumulated depreciation	5,646	7,404	32,898	90,396	27,953	164,297
Additions	1,770	1,312	—	—	10,968	14,050
Disposal of subsidiaries (note 40)	(221)	(201)	—	—	—	(422)
Disposal	(493)	(35)	(641)	—	—	(1,169)
Depreciation provided during the year	(3,125)	(3,109)	(2,774)	(5,301)	(17,580)	(31,889)
At 31 December 2023, net of accumulated depreciation	3,577	5,371	29,483	85,095	21,341	144,867
At 31 December 2023:						
Cost	56,117	56,647	55,308	111,600	121,068	400,740
Accumulated depreciation	(52,540)	(51,276)	(25,825)	(26,505)	(99,727)	(255,873)
Carrying amount	3,577	5,371	29,483	85,095	21,341	144,867

As at 31 December 2024, certain of the Group's property, plant and equipment with an aggregate carrying amount of approximately RMB79,794,000 (2023: RMB85,095,000) have been pledged to secure bank and other borrowings granted to the Group (note 31).

14. INTANGIBLE ASSETS

	Software	
	2024 RMB'000	2023 RMB'000
At 1 January		
Cost	40,322	38,411
Accumulated amortisation	(21,288)	(17,623)
Net carrying amount	19,034	20,788
Cost at 1 January, net of accumulated amortisation	19,034	20,788
Additions	540	1,911
Amortisation provided during the year	(3,357)	(3,665)
At 31 December	16,217	19,034
Cost	40,862	40,322
Accumulated amortisation	(24,645)	(21,288)
Net carrying amount	16,217	19,034

15. LEASES

The Group as a lessee

For both years, the Group leases property for its operations. Lease contract is entered into for fixed term of 5 years (2023: 5 years), and does not have extension or termination options. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns a leasehold land where its hotel is primarily located. The Group is the registered owner of the property interest, including the underlying leasehold land. Lump sum payments were made upfront to acquire the property interest.

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For the year ended 31 December 2024

15. LEASES (Continued)

The Group as a lessee (Continued)

(a) Right-of-use assets

The recognised right-of-use assets relate to the following types of assets:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Land use right	35,185	36,699
Leased property	—	11,400
Total right-of-use assets	35,185	48,099

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Land use right		
Carrying amount 1 January	36,699	38,213
Depreciation provided during the year	(1,514)	(1,514)
Carrying amount at 31 December	35,185	36,699

Part of the Group's land use right with an aggregate carrying amount of approximately RMB35,185,000 (2023: RMB36,699,000) as at 31 December 2024 has been pledged to secure bank and other borrowings granted to the Group (note 31).

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Leased properties		
Carrying amount at 1 January	11,400	17,498
Depreciation provided during the year	(11,400)	(6,098)
Carrying amount at 31 December	—	11,400

15. LEASES (Continued)**The Group as a lessee** (Continued)**(b) Lease liabilities**

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 <i>RMB'000</i>
Lease liabilities		
Carrying amount at 1 January	12,030	18,130
Interest recognised during the year (<i>note 7</i>)	284	785
Payments	(12,314)	(6,885)
Carrying amount at 31 December	—	12,030
Analysed into:		
Current portion	—	3,491
Non-current portion	—	8,539

The maturity analysis of lease liabilities is disclosed in note 45 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 RMB'000	2023 <i>RMB'000</i>
Interest on lease liabilities (<i>note 7</i>)	284	785
Depreciation charge of right-of-use assets (<i>note 6</i>)	12,914	7,612
Expense relating to short-term leases (<i>note 6</i>)	1,547	2,257
Total amount recognised in profit or loss	14,745	10,654

(d) The total cash outflows for leases are disclosed in note 35(c) to the financial statements.

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For the year ended 31 December 2024

15. LEASES (Continued)

The Group as a lessor

The Group leases its investment properties consisting of eight commercial properties under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB85,786,000 (31 December 2023: RMB110,528,000), details of which are included in note 5 to the financial statements.

At 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within one year	62,433	90,136
In the second to fifth years, inclusive	187,649	182,323
After five years	37,832	29,488
Total	287,914	301,947

16. INVESTMENT PROPERTIES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Carrying amount at 1 January	3,530,100	3,886,000
Net loss from a fair value adjustment	(398,700)	(355,900)
Carrying amount at 31 December	3,131,400	3,530,100

16. INVESTMENT PROPERTIES (Continued)

The Group's investment properties are situated in Chinese Mainland. The Group's investment properties were revalued on 31 December 2024 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent professionally qualified valuer, at RMB3,131,400,000 (2023: RMB3,530,100,000). The Group's senior finance manager and the chief financial officer decide, after approval from the board of directors of the Company, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior finance manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

Certain of the Group's investment properties with an aggregate carrying amounts of approximately RMB2,480,400,000 (2023: RMB1,782,820,000) as at 31 December 2024 have been pledged to secure bank and other borrowings granted to the Group (note 31).

Fair Value hierarchy

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

	Fair value measurement as at 31 December 2024			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Recurring fair value measurement for:				
Completed commercial properties	—	—	3,131,400	3,131,400
	Fair value measurement as at 31 December 2023			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Recurring fair value measurement for:				
Completed commercial properties	—	—	3,530,100	3,530,100

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For the year ended 31 December 2024

16. INVESTMENT PROPERTIES (Continued)

Fair Value hierarchy (Continued)

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range or weighted average	
			2024	2023
Commercial properties	Income capitalisation method	Estimated rental value (RMB per sq.m. and per month)	8–356	8–435
		Capitalisation rate	5.00%–5.50%	5.00%–5.50%

The fair value of completed investment properties is determined by the income capitalisation method by taking into account the rental income of the properties derived from the existing leases and/or achievable leases in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

A significant increase (decrease) in the estimated rental value would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the capitalisation rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

17. INVESTMENT IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000
Share of net assets	127,867	397,117

The Group's trade and other receivable and payable balances with joint ventures are disclosed in note 42 to the financial statements.

During the year ended 31 December 2024, the Group disposed of certain joint ventures with a carrying amount of RMB193,411,000 (2023: nil) for a cash consideration of RMB196,320,000 (2023: nil), resulting in a gain on disposal of joint ventures amounting to RMB2,909,000 (2023: nil).

17. INVESTMENT IN JOINT VENTURES (Continued)

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Dividend received	103,962	—
Share of the joint ventures' profits and losses for the year	28,123	12,200
Share of the joint ventures' total comprehensive income	28,123	12,200
Aggregate carrying amount of the Group's investments in the joint ventures	127,867	397,117

18. INVESTMENT IN ASSOCIATES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Share of net assets	40,172	104,603

The Group's trade and other receivable and payable balances with associates are disclosed in note 42 to the financial statements.

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Share of the associates' profits and losses for the year	(63,672)	(2,629)
Share of the associate's total comprehensive loss	(63,672)	(2,629)
Carrying amount of the Group's investment in the associates	40,172	104,603

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19. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000	Impairment of assets RMB'000	Accrued development cost RMB'000	Expenses for offsetting against future taxable profits RMB'000	Unrealised revenue in contract liabilities RMB'000	Accrued land value-added tax RMB'000	Lease liability RMB'000	Total RMB'000
At 1 January 2023	176,885	73,439	153,348	12,247	392,471	209,463	5,573	1,023,426
Disposal of subsidiaries (note 40)	(3,633)	—	(6,067)	—	(77,521)	—	—	(87,221)
Deferred tax (charged)/credited to profit or loss during the year	(9,483)	23,016	(124,192)	(1,644)	(33,182)	28,601	(2,566)	(119,450)
At 31 December 2023 and 1 January 2024	163,769	96,455	23,089	10,603	281,768	238,064	3,007	816,755
Bankruptcy reorganisation of subsidiaries (note 39)	(18,317)	—	—	—	(1,323)	(24,051)	—	(43,691)
Deferred tax (charged)/credited to profit or loss during the year	(145,452)	(96,455)	(11,987)	(10,603)	(225,262)	7,885	(3,007)	(484,881)
Gross deferred tax assets at 31 December 2024	—	—	11,102	—	55,183	221,898	—	288,183

Deferred tax liabilities

	Fair value adjustments arising from investment properties RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2023	566,880	5,414	572,294
Deferred tax (credited)/charged to profit or loss during the year	(88,975)	6,611	(82,364)
At 31 December 2023 and 1 January 2024	477,905	12,025	489,930
Deferred tax credited to profit or loss during the year	(42,921)	(12,025)	(54,946)
Gross deferred tax liabilities at 31 December 2024	434,984	—	434,984

19. DEFERRED TAX (Continued)**Deferred tax liabilities** (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Net deferred tax assets recognised in the consolidated statement of financial position	277,597	779,512
Net deferred tax liabilities recognised in the consolidated statement of financial position	(424,398)	(452,687)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese mainland. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

At 31 December 2023 and 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors of the Company, the Group's fund will be retained in the PRC for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. As at 31 December 2024, the aggregate amounts of temporary differences associated with investments in subsidiaries in Chinese mainland for which deferred tax liabilities have not been recognised was RMB Nil (2023: RMB1,179,901,000).

As at 31 December 2024, the Group had unutilised tax losses arising in the PRC of approximately RMB3,597,148,000 (2023: RMB3,122,821,000), that will expire in one to five years for offsetting against future taxable profits of the entities in which the losses arose. As at 31 December 2023, deferred tax asset has been recognised in respect of tax losses of RMB655,076,000 (2024: Nil). No deferred tax asset has been recognised in respect of the remaining tax losses of approximately RMB3,597,148,000 (2023: RMB2,467,745,000) due to the unpredictability of future profits streams.

Deferred tax assets have not been recognised in respect of the deductible temporary differences amounting to approximately RMB2,272,197,000 as at 31 December 2024 (2023: RMB306,286,000), as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

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For the year ended 31 December 2024

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Unlisted fund investments, at fair value	—	900

The unlisted investments were wealth management products and were redeemed during the year.

21. PROPERTIES UNDER DEVELOPMENT

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of properties under development	12,812,214	17,571,312
Provision for impairment	(2,165,010)	(2,269,530)
At the end of the year	10,647,204	15,301,782

The Group's properties under development are situated on leaseholds land in the PRC.

As at 31 December 2024, certain of the Group's properties under development with an aggregate carrying amount of approximately RMB5,226,379,000 (2023: RMB10,443,346,000) have been pledged to secure bank and other borrowings granted to the Group (note 31).

The movements in provision for impairment of properties under development are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At the beginning of the year	(2,269,530)	(2,901,748)
Impairment losses recognised	(721,460)	(605,118)
Impairment losses transferred to properties held for sale (note 22)	592,656	962,299
Transfer to cost of sales upon sale of property	233,324	—
Disposal of subsidiaries	—	275,037
At the end of the year	(2,165,010)	(2,269,530)

The value of properties under development is assessed at the end of the reporting period. An impairment exists when the carrying value of properties under development exceeds its net realisable value. The net realisable value is determined by reference to the selling price based on the prevailing market price less cost of completion of properties under development and applicable selling expenses.

22. COMPLETED PROPERTIES HELD FOR SALE

	2024 RMB'000	2023 RMB'000
Cost of completed properties held for sale	4,343,669	6,088,589
Provision for impairment	(814,006)	(242,343)
Carrying amount at the end of the year	3,529,663	5,846,246

Certain of the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB17,480,000 (2023: RMB21,728,000) as at 31 December 2024 have been pledged to secure bank and other borrowings granted to the Group (note 31).

The movements in provision for impairment of completed properties held for sale are as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	(242,343)	(395,973)
Impairment losses recognised	(479,333)	(197,168)
Transferred from properties under development (note 21)	(592,656)	(962,299)
Transfer to cost of sales upon sale of property	500,326	1,312,993
Disposal of subsidiaries	—	104
At the end of the year	(814,006)	(242,343)

The value of completed properties held for sale is assessed at the end of the reporting period. An impairment exists when the carrying value of completed properties held for sale exceeds its net realisable value. The net realisable value is determined by reference to the selling price based on the prevailing market price less applicable selling expenses.

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23. TRADE RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	31,964	41,332
Less: allowance for impairment of trade receivables	(608)	—
	31,356	41,332

Trade receivables mainly represent rentals receivable from tenants and the purchase price receivable from the property purchaser. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Property buyers are generally granted credit terms of 1 month to 1 year. Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values. An ageing analysis of the trade receivables as at the end of the reporting period, based on the date of the properties or billing date were delivered and sales, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Less than 1 year	31,356	36,034
Over 1 year	608	5,298
Total	31,964	41,332

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At the beginning of the year	—	—
Impairment losses recognised (<i>note 6</i>)	608	—
At the end of the year	608	—

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepayment for construction cost	4,024	21,844
Other deposits	248,358	423,803
Other tax recoverable	806,014	990,144
Advance to staff	2,325	6,409
Due from non-controlling shareholders of the subsidiaries	1,188,864	2,702,280
Due from former subsidiaries (<i>note 1</i>)	622,318	—
Other prepayments	38,409	64,794
Other receivables	21,533	137,870
Impairment	(361,864)	(96,445)
Total	2,569,981	4,250,699

Note 1: The balances represented the interest-free loans granted to Chengdu Lingyuan Yinghe Real Estate Co., Ltd. ("Chengdu Lingyuan") and Chengdu Runde Yinghe Real Estate Co., Ltd. ("Chengdu Runde") before the bankruptcy reorganisation of these former subsidiaries, that are unsecured and repayable on demand.

The Group has assessed the credit risk of amounts due from non-controlling shareholders of subsidiaries and other receivables based on lifetime ECLs by considering the default rates and adjusting forward-looking macroeconomic data, as well as the actual subsequent settlement.

The movements in the loss allowance for impairment of deposits and other receivables are as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	96,445	96,146
Impairment losses recognised, net	115,535	299
Impairment losses on amounts due from former subsidiaries recognised as loss on bankruptcy reorganisation of subsidiaries	149,884	—
At the end of the year	361,864	96,445

25. OTHER CURRENT ASSETS

	2024 RMB'000	2023 RMB'000
Deferred commission for agents	63,381	119,351

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26. OTHER NON-CURRENT ASSETS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Deposits for property developments paid to the PRC government	16,696	143,730

27. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cash and bank balances	1,480,068	2,006,596
Less: Restricted cash	(554,026)	(598,800)
Pledged deposits	(51,380)	(96,432)
Cash and cash equivalents	874,662	1,311,364
Denominated in RMB	874,620	1,311,239
Denominated in HK\$	4	4
Denominated in US\$	35	117
Denominated in AUD\$	3	4
	874,662	1,311,364

In accordance with relevant government requirements, certain property development companies of the Group are required to place, in designated bank accounts, a certain amount of pre-sale proceeds as guarantee deposits for the constructions of the related properties. The restricted cash can only be used for payments for construction costs of the relevant properties when approval from the related government authority is obtained. Such restricted cash will be released after the completion of construction of the related properties. As at 31 December 2024, such restricted cash amounted to RMB451,689,000 (2023: RMB511,896,000). As at 31 December 2024, the restricted cash amounting to RMB102,337,000 was frozen by the People's Court due to lawsuits (2023: RMB86,904,000).

As at 31 December 2024, bank deposits of RMB51,380,000 (2023: RMB96,432,000) were pledged as security for property purchasers' mortgage loans.

27. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS (Continued)

The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

As at 31 December 2024, the internal credit rating of restricted cash, pledged deposits and cash and cash equivalents was regarded as the grade of performing. The Group has assessed that the credit risk of the restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on the 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

28. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of each reporting period, based on the invoice date, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Less than 1 year	1,900,684	4,584,071
Over 1 year	2,948,452	929,246
	4,849,136	5,513,317

The trade payables are unsecured and non-interest-bearing and are normally settled based on the progress of construction.

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29. OTHER PAYABLES AND ACCRUALS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Deposits received from contractors for property development construction	639,626	676,161
Advance from non-controlling shareholders of subsidiaries (<i>note 1</i>)	762,665	1,046,145
Maintenance fund	43,127	37,096
Advance from third parties (<i>note 1</i>)	—	178,453
Payroll and welfare payable	33,332	56,727
Tax and surcharges	192,982	230,854
Deposits received in respect of the sale of properties	41,521	58,545
Interest payable	678,457	356,466
Consideration payable related to acquisition of subsidiaries	742,610	823,989
Payable related to land acquisition	158,290	218,894
Accruals	—	7,368
Others	53,332	76,888
	3,345,942	3,767,586

Note 1: Balances represented interest-free loans granted by non-controlling shareholders of subsidiaries and former subsidiaries of the Group, which are unsecured and repayable on demand.

30. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Contract liabilities	6,622,889	11,887,470

As at 1 January 2023, contract liabilities amounted to RMB25,943,890,000.

Contract liabilities include unsatisfied performance obligation for pre-sale of properties.

As at 31 December 2024, contract liabilities of RMB6,127,565,000 (2023: RMB11,051,487,000) is expected to be released to profit or loss within twelve months from the end of the reporting period.

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2024			31 December 2023		
	Effect interest rate (%)	Maturity	RMB'000	Effect interest rate (%)	Maturity	RMB'000
Current						
Current portion of long term bank loans — secured	2.39–9.17	2025	23,157	4.51–9.13	2024	1,178,166
Current portion of long term bank loans — secured	4.7–5.12	on demand	638,751	4–5.12	on demand	886,711
Current portion of long term other loans — secured	9.93	2025	341,394	10.06–11.5	2024	1,123,130
Current portion of long term other loans — secured	11.5–11.88	on demand	890,738	11.88	on demand	896,140
Total-current			1,894,040			4,084,147
Non-current						
Bank loans — secured	4.07–4.93	2026–2035	2,059,726	4.70–8.41	2025–2035	1,954,641
Other loans — secured	8.58–10.1	2026–2027	367,974	8.27–9.93	2025–2026	186,709
Total-non-current			2,427,700			2,141,350
Total			4,321,740			6,225,497

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For the year ended 31 December 2024

31. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Bank and other borrowings

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Analysed into:		
Repayable within one year or on-demand	1,894,040	4,084,147
Repayable in the second year	15,329	403,441
Repayable in the third to fifth years, inclusive	1,029,174	170,584
Repayable beyond five years	1,383,197	1,567,325
	4,321,740	6,225,497

As at 31 December 2024, an aggregate principal amount of RMB1,529,489,000 (2023: RMB1,782,851,000) for certain interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment dates. In addition, as at 31 December 2024, the Group was in default of certain senior notes. Pursuant to some of the loan agreements of the Group, any default under the Group's senior notes or borrowings will trigger the cross-default resulting in the relevant borrowings becoming repayable on demand, no interest-bearing bank and other borrowings have become cross-defaulted (the "cross-default borrowings") as these cross-default borrowings had already been factual default.

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values at the end of the reporting period:

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Property, plant and equipment	13	79,794	85,095
Land use right	15	35,185	36,699
Investment properties	16	2,480,400	1,782,820
Properties under development	21	5,226,379	10,443,346
Completed properties held for sale	22	17,480	21,728
		7,839,238	12,369,688

In addition, as at 31 December 2024, the Group's other borrowing of RMB360,000,000 (2023: Nil) was guaranteed by the properties under development held the former subsidiaries.

As at 31 December 2024, certain of the Group's bank and other borrowings with an aggregate amount of RMB2,586,487,000 (2023: RMB3,626,560,000) were secured by share charges in respect of the equity interests of certain subsidiaries of the Group.

32. SENIOR NOTES

	Principal at original currency US\$'000	Contractual interest rate (%)	Maturity	31 December 2024 RMB'000	2023 RMB'000
Senior notes due 2022 ("2022 notes I")	2,966	12	June 2022	21,321	21,007
Senior notes due 2023 ("2023 notes I")	119,430	12	June 2023	851,619	839,097
Total Current				872,940	860,104

As at 31 December 2024 and 2023, the Group's senior notes were in default and repayable on demand.

33. SHARE CAPITAL

	31 December 2024 Number of shares	31 December 2023
Ordinary shares of HK\$0.01 each		
Authorised	10,000,000,000	10,000,000,000
Issued and fully paid	1,026,945,000	1,026,945,000
	RMB'000	RMB'000
Shown in the consolidated financial statements	8,670	8,670

34. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2024 and 2023 are presented in the consolidated statements of changes in equity.

(a) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

(b) Merger reserve

The merger reserve of the Group represents the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the reorganisation.

(c) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profit after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(d) Capital reserve

Capital reserve mainly represents the difference between the cost of acquisition and the non-controlling interests acquired in the case of acquisition of additional non-controlling interests of subsidiaries, or the difference between the proceeds from disposal and the non-controlling interests disposed of in the case of disposal of partial equity interests in subsidiaries to non-controlling shareholders without loss of control. Details of the movements in the capital reserve are set out in the consolidated statement of changes in equity.

(e) Other reserve

Other reserve represents the change in net assets attributable to the Group in relation to changes in ownership interests in subsidiaries without obtaining or losing of control.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

- (i) During the year ended 31 December 2024, the Group entered into settlement arrangements with various suppliers and amounts due from non-controlling shareholders of the subsidiaries and trade payable amounting to approximately RMB532,326,000 (2023: Nil) were offset.
- (ii) During the year ended 31 December 2024, the Group settled trade payables of RMB77,769,000 (2023: RMB27,275,000) for RMB70,353,000 (2023: RMB24,002,000) and recorded a gain on debt restructure of RMB7,416,000 (2023: RMB3,273,000).

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings RMB'000	Due to related companies RMB'000	Due to third party RMB'000	Senior notes RMB'000	Lease liabilities RMB'000	Interest Payable RMB'000	Total RMB'000
At 1 January 2023	8,213,107	503,720	1,896,308	845,818	18,130	79,232	11,556,315
Cash flows used in financing activities	(1,740,205)	94,589	(671,710)	—	(6,885)	(544,323)	(2,868,534)
Finance cost for the year	—	—	—	—	785	815,348	816,133
Disposal of subsidiaries (note 40)	(211,716)	—	—	—	—	(29,480)	(241,196)
Non-cash changes	(35,689)	—	—	14,286	—	35,689	14,286
At 31 December 2023	6,225,497	598,309	1,224,598	860,104	12,030	356,466	9,277,004
Cash flows used in financing activities	(602,196)	(469,683)	(461,933)	—	(12,314)	(211,444)	(1,757,570)
Finance cost for the year	—	—	—	—	284	440,026	440,310
Bankruptcy reorganisation subsidiaries (note 39)	(1,208,152)	—	—	—	—	—	(1,208,152)
Cash flows from non-financing activities	—	9,540	—	—	—	—	9,540
Non-cash changes	(93,409)	(34,907)	—	12,836	—	93,409	(22,071)
At 31 December 2024	4,321,740	103,259	762,665	872,940	—	678,457	6,739,061

(c) Total cash outflow for leases:

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	1,547	2,257
Within financing activities	12,314	6,885
	13,861	9,142

Notes to Financial Statements

For the year ended 31 December 2024

36. CONTINGENT LIABILITIES

At the end of the reporting period, the financial guarantees not provided for in the consolidated financial statements were as follows:

	Notes	2024 RMB'000	2023 RMB'000
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	(1)	9,995,233	11,576,527
Guarantees given to banks and other institutions in connection with facilities granted to related parties	(2)	120,000	120,000
Guarantees given to banks and other institutions in connection with facilities granted to former subsidiaries	(3)	728,882	—

Notes:

- (1) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans. Upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

During the year ended 31 December 2024, a provision of RMB26,005,000 (2023: Nil) was recognised during the year in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's completed properties held for sale.

- (2) The Group provided guarantees to banks and other institutions in connection with borrowings made to the related companies. The directors of the Company consider that no provision is needed in respect of the guarantees since the fair value is not significant. Further details are included in note 42.
- (3) The Group provided guarantees in respect of banking facilities granted by banks to the Group's former subsidiaries. The directors of the Company consider that the fair value of guarantee contracts are insignificant at initial recognition. Also, no provision for the guarantee contracts at the end of the reporting period is recognised as the default risk is low.

37. ACQUISITIONS OF SUBSIDIARIES

For the year ended 31 December 2024

The Group elected to apply the optional concentration test in accordance with IFRS 3. For acquisitions in which the Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents) acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, the Group concluded that the acquired set of activities and assets is not a business. Therefore, these transactions are accounted for as acquisition of assets and liabilities through acquisitions of subsidiaries.

In an event where the concentration test is not met, management of the Company has performed a detailed assessment of the acquired subsidiaries which are engaged in property development that hold parcels of land but without significant process at the date of acquisition. Therefore, the acquired set of activities and assets is not a business and these transactions are accounted for as acquisition of assets and liabilities through acquisitions of subsidiaries.

Details of acquisitions of subsidiaries are as follows:

Name of subsidiary	Place of incorporation/ registration	Acquisition completed in	Equity interest acquired	Total consideration RMB'000
西昌領創房地產開發有限公司 Xichang Lingchuang Real Estate Development Co., Ltd. ("Xichang Lingchuang")	PRC	April 2024	94%	359
西昌源地房地產開發有限公司 Xichang Yuandi Real Estate Development Co., Ltd.	PRC	April 2024	94%	200
西昌領源房地產開發有限公司 Xichang Lingyuan Real Estate Development Co., Ltd.	PRC	April 2024	89%	200
				<u>759</u>

Notes to Financial Statements

For the year ended 31 December 2024

37. ACQUISITIONS OF SUBSIDIARIES (Continued)

These transactions were accounted for as acquisitions of assets and liabilities. Assets and liabilities recognised at the date of acquisitions:

	2024 RMB'000
Cash and cash equivalents	11,498
Restricted cash	51,076
Prepayments, deposits and other receivables	80,518
Due from the Group	34,907
Tax recoverable	20,319
Property, plant and equipment	51
Properties under development	853,668
Completed properties held for sale	152,012
Trade and bills payables	(283,109)
Other payables and accruals	(394,338)
Contract liabilities	(525,843)
Total identifiable net assets at fair value	759
Satisfied by interests in associates*	759

* During the year, the Group had further acquired 94% equity interest in Xichang Lingchuang and its subsidiaries, upon the completion of the acquisition, Xichang Lingchuang became the Group's subsidiary from the associate. The interest in Xichang Lingchuang of RMB759,000 as at the acquisition date had been regarded as the consideration.

Net cash inflows of cash and cash equivalents in respect of the above acquisitions:

	2024 RMB'000
Cash consideration paid	—
Less: cash and cash equivalent acquired	11,498
	11,498

For the year ended 31 December 2023

There was no acquisition of subsidiaries during the year ended 31 December 2023.

38. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES

For the year ended 31 December 2024

Details of acquisition of additional equity interests in non-wholly owned subsidiaries are as follows:

Name of subsidiary	Place of incorporation/ registration	Equity interest held by the Group before acquisition	Equity interest held by the Group after acquisition	Consideration RMB'000
仁壽源地房地產開發有限公司 Renshou Yuandi Real Estate Development Co., Ltd.	PRC	87%	95%	3,000
眉山都能房地產開發有限公司 Meishan Douneng Real Estate Development Co., Ltd.	PRC	87%	95%	3,000
西昌恒量房地產開發有限公司 Xichang Hengliang Leading Real Estate Development Co., Ltd.	PRC	80%	99.28%	2,500
				8,500

These acquisitions have been accounted for as equity transactions and the total difference between the carrying amounts of the attributable non-controlling interests acquired and the consideration paid of RMB5,224,000 had been credited directly in capital reserve for the year ended 31 December 2024.

For the year ended 31 December 2023

The Group acquired additional 45% equity interests in Luzhou Fanya Real Estate Development Co., Ltd. ("Luzhou Fanya") for a consideration of RMB59,903,000. Upon the completion of the acquisition, the Group holds 100% equity interests in Luzhou Fanya.

The acquisition has been accounted for as equity transaction and the difference between the consideration paid and the carrying amount of the attributable non-controlling interest acquired of RMB137,798,000 had been charged directly in capital reserve for the year ended 31 December 2023.

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For the year ended 31 December 2024

39. BANKRUPTCY REORGANISATION OF SUBSIDIARIES

During the year ended 31 December 2024, the People's Republic of China (PRC) courts adjudged the bankruptcy reorganisation of Chengdu Lingyuan and Chengdu Runde at the application of certain creditors and have initiated receivership procedures. The directors of the Company considered that the Group lost control over the subsidiaries upon the judgement and deconsolidated the subsidiaries thereafter. Up to the date of approval of the financial statements, the bankruptcy reorganization of Chengdu Lingyuan and Chengdu Runde have not yet been completed.

The carrying values of the assets and liabilities on the dates of deconsolidation were as follows:

	2024
	RMB'000
Net assets deconsolidated of:	
Cash and cash equivalents	118,592
Prepayments, deposits and other receivables	119,142
Properties held for sale	159,290
Properties under development	2,452,975
Deferred tax assets	43,691
Tax recoverable	10,468
Trade and bills payables	(332,712)
Other payables and accruals	(368,422)
Tax payable	(180,928)
Interest-bearing bank and other borrowings	(1,208,152)
Due to the Group	(622,318)
	<hr/>
Net assets	191,626
Non-controlling interest	(95,813)
Elimination on amounts due to the Group	622,318
	<hr/>
Net assets attributable to the Group deconsolidated of	718,131
	<hr/>
Retained equity interests in Chengdu Lingyuan and Chengdu Runde	—
Amounts due from Chengdu Lingyuan and Chengdu Runde	472,434
Net assets attributable to the Group deconsolidated of	(718,131)
	<hr/>
Loss on bankruptcy reorganisation of subsidiaries	(245,697)
	<hr/>

39. BANKRUPTCY REORGANISATION OF SUBSIDIARIES (Continued)

An analysis of the net outflow of cash and cash equivalents in respect of the deconsolidation of subsidiaries is as follows:

	2024 RMB'000
Cash consideration	—
Cash and cash equivalents deconsolidated of	(118,592)
Net outflow of cash and cash equivalents in respect of bankruptcy reorganisation of subsidiaries	(118,592)

40. DISPOSAL OF SUBSIDIARIES**(a) Disposal of equity interest in a subsidiary with loss of control****For the year ended 31 December 2024**

There were no disposal of subsidiaries during the year ended 31 December 2024.

For the year ended 31 December 2023

Name of subsidiary	Place of incorporation/ registration	Equity interest held by the Group before disposal	Equity interest held by the Group after disposal	Total consideration RMB'000
眉山川瑞達房地產開發有限公司 Meishan Chuang Ruida Real Estate Development Co., Ltd.	PRC	55%	Nil	27,500
眉山海納房地產開發有限公司 Meishan Haina Real Estate Development Co., Ltd.	PRC	55%	Nil	84,992
眉山華瑞宏大置業有限公司 Meishan Huarui Honda Real Estate Development Co., Ltd.	PRC	55%	Nil	27,500
海寧正心貿易有限公司 Haining ZhengXin Trading Co. Ltd.	PRC	55%	Nil	18,000
四川漢瑞達酒店管理有限公司 Sichuan Hanruida Hotel Management Co. Ltd.	PRC	100%	Nil	—
徐州領源房地產開發有限公司 Xuzhou Lingyuan Real Estate Development Co. Ltd.	PRC	100%	Nil	—
新松機器人產業發展(張家界)有限公司 Xinsong Robot Industry Development (Zhangjiajie) Co., Ltd.	PRC	35%	Nil	—
				157,992

Notes to Financial Statements

For the year ended 31 December 2024

40. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of equity interest in a subsidiary with loss of control (Continued)

The carrying values of the assets and liabilities on the dates of disposal were as follows:

	2023 RMB'000
Net assets disposed of:	
Property, plant and equipment	422
Deferred tax assets	87,221
Properties under development	4,134,445
Completed properties held for sale	456,454
Tax recoverable	30,722
Cash and cash equivalents	424,198
Prepayments and other receivables	2,871,222
Trade and bills receivables	20,182
Trade and bills payables	(439,469)
Contract liabilities	(3,337,473)
Interest-bearing bank and other borrowings	(211,716)
Tax payable	(53,633)
Other payables and accruals	(3,757,890)
Net assets	224,685
Non-controlling interests	(99,033)
Net assets attributable to the Group disposed of	125,652
Retained equity interests held and classified as an associate	298
Cash consideration received	157,992
Total consideration on disposal of subsidiaries	158,290
Gain on disposal of subsidiaries (<i>note 6</i>)	32,638

40. DISPOSAL OF SUBSIDIARIES (Continued)**(a) Disposal of equity interest in a subsidiary with loss of control** (Continued)

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2023 RMB'000
Cash consideration	157,992
Cash and cash equivalents disposed of	<u>(424,198)</u>
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	<u>(266,206)</u>

(b) Withdrawal of capital contribution by non-controlling shareholders of subsidiaries

During the year ended 31 December 2024, the capital contributions of certain subsidiaries by non-controlling shareholders have been withdraw and resulted in a decrease in non-controlling interest of RMB31,500,000 (2023: RMB1,411,910,000) and net cash outflow of RMB31,500,000 (2023: RMB1,411,910,000).

41. COMMITMENTS

(a) The Group had the following contractual commitments at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
Property under development	<u>10,323,696</u>	<u>11,942,732</u>

In addition, the Group had the following commitments provided to joint ventures (including the Group's share of commitments made jointly with other joint venturers), which are not included in the above:

	2024 RMB'000	2023 RMB'000
Capital contributions to joint ventures	<u>203,309</u>	<u>203,309</u>

42. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

The following operating transactions were carried out with related parties during the reporting period:

	2024 RMB'000	2023 RMB'000
Property management fee to companies controlled by the controlling shareholders (<i>note 1</i>)	56,057	68,880
Management consulting service income from joint ventures and associates	—	7,665

Note 1: During the year, Ling Yue Services Group Limited ("Ling Yue Services") and its subsidiaries, which are under common control of the controlling shareholders, provided the property management service to the Group. The transaction was carried out in accordance with the terms and conditions mutually agreed by the parties.

The related party transaction also constitutes connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(2) Other transactions with related parties

As at 31 December 2024, the Group has guaranteed the bank and other borrowings made to its joint ventures up to RMB120,000,000 (31 December 2023: RMB120,000,000).

(3) Outstanding balances with related parties

Amounts due from related parties

	2024 RMB'000	2023 RMB'000
Amounts due from related parties	375,688	813,325
Impairment	(212,807)	—
	162,881	813,325

The Group performs impairment assessment under ECL model on due from related parties, which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. During the year ended 31 December 2024, impairment of RMB212,807,000 (2023: Nil) was recognised in respect of the amounts due from related parties.

Balances due from related parties including joint ventures, associates and companies under control of the controlling shareholders were non-trade in nature, unsecured, non-interest-bearing and repayable on demand.

42. RELATED PARTY TRANSACTIONS (Continued)**(3) Outstanding balances with related parties** (Continued)**Amount due from related parties** (Continued)

The movements in the loss allowance for impairment of amounts due from related parties are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At the beginning of the year	—	—
Impairment losses recognised, net (<i>note 6</i>)	212,807	—
At the end of the year	212,807	—

Amounts due to related parties

The following is an aged analysis of amount due to Ling Yue Services presented based on the billing date at the end of the reporting period.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Less than 1 year	26,657	16,093
Over 1 year	2,451	6,923
	29,108	23,016

Except for amount due to Ling Yue Services, the other balances due to related parties including joint ventures and companies under control of the controlling shareholders were non-trade in nature, unsecured, non-interest-bearing and repayable on demand.

(4) Compensation of key management personnel of the Group:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Short-term employee benefits	4,255	6,046
Pension scheme contributions	103	106
Total compensation paid to key management personnel	4,358	6,152

Further details of directors' emoluments are included in note 8 to the financial statements.

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For the year ended 31 December 2024

43. FINANCIAL INSTRUMENTS BY CATEGORY

31 December 2024

Financial assets

	Financial assets at amortised cost RMB'000
Other non-current assets	16,696
Financial assets included in prepayments, deposits and other receivables	1,721,534
Trade receivables	31,356
Due from related companies	162,881
Restricted cash	554,026
Pledged deposits	51,380
Cash and cash equivalents	874,662
	3,412,535

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	4,849,136
Financial liabilities included in other payables and accruals	3,119,628
Interest-bearing bank and other borrowings	4,321,740
Senior notes	872,940
Due to related companies	103,259
	13,266,703

43. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)**31 December 2023****Financial assets**

	Financial assets at amortised cost <i>RMB'000</i>	Financial assets at FVTPL <i>RMB'000</i>	Total <i>RMB'000</i>
Other non-current assets	143,730	—	143,730
Financial assets included in prepayments, deposits and other receivables	3,173,917	—	3,173,917
Trade receivables	41,332	—	41,332
Due from related companies	813,325	—	813,325
Financial assets at fair value through profit or loss	—	900	900
Restricted cash	598,800	—	598,800
Pledged deposits	96,432	—	96,432
Cash and cash equivalents	1,311,364	—	1,311,364
	<u>6,178,900</u>	<u>900</u>	<u>6,179,800</u>

Financial liabilities

	Financial liabilities at amortised cost <i>RMB'000</i>
Trade and bills payables	5,513,317
Financial liabilities included in other payables and accruals	3,480,005
Interest-bearing bank and other borrowings	6,225,497
Senior notes	860,104
Due to related companies	598,309
	<u>16,677,232</u>

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments as at the end of each reporting period, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	31 December 2024 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 December 2023 RMB'000
Financial liabilities				
Interest-bearing bank and other borrowings	4,321,740	6,225,497	4,006,817	6,167,970
Senior notes	872,940	860,104	866,894	210,823
	5,194,680	7,085,601	4,873,711	6,378,793

For the fair values of the financial assets at fair value through profit or loss, management has estimated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group invests in wealth management products issued by financial institutions in Chinese Mainland. The Group has estimated the fair value by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks and classified them as Level 2 financial instruments.

The Group's corporate finance team headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors twice a year for interim and annual financial reporting.

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and cash equivalents, restricted cash, pledged deposits, trade and other receivables, trade and bills payables and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank and other borrowings, senior notes, amounts due to related companies, amounts due from related companies and other non-current assets. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings set out in note 31. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank and other borrowings.

If the interest rate of bank and other borrowings had increased/decreased by 1% and all other variables are held constant, the loss after tax of the Group, through the impact on floating rate borrowings, would have increased/decreased by approximately RMB4,893,000 (2023: RMB15,052,000) for the year ended 31 December 2024.

(b) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from transactions by operating units in currencies other than the units' functional currencies.

In addition, the Group has currency exposures from its cash and bank balances, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals and senior notes.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US\$ and HK\$ exchange rates, with all other variables held constant, of the Group's loss after tax (due to changes in the fair values of monetary assets and liabilities).

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**(b) Foreign currency risk** (Continued)

	Increase/ (decrease) in rate %	(Increase)/ decrease in loss after tax RMB'000
2024		
If the RMB weakens against the US\$	(5%)	(32,734)
If the RMB strengthens against the US\$	5%	32,734
If the RMB weakens against the HK\$	(5%)	—*
If the RMB strengthens against the HK\$	5%	—*
2023		
If the RMB weakens against the US\$	(5%)	(43,020)
If the RMB strengthens against the US\$	5%	43,020
If the RMB weakens against the HK\$	(5%)	(78)
If the RMB strengthens against the HK\$	5%	78

* The amount was less than RMB1,000.

(c) Credit risk

The Group classifies financial instruments on the basis of shared credit risk characteristics, such as the instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**(c) Credit risk** (Continued)**Maximum exposure and year-end staging**

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

31 December 2024

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Other non-current assets	16,696	—	—	—	16,696
Trade receivables*	—	—	—	31,964	31,964
Financial assets included in prepayments, deposits and other receivables					
— Normal**	1,731,755	—	—	—	1,731,755
— Doubtful**	—	316,083	35,560	—	351,643
Due from related companies					
— Normal**	109,204	—	—	—	109,204
— Doubtful**	—	144,241	122,243	—	266,484
Restricted cash					
— Not yet past due	554,026	—	—	—	554,026
Pledged deposits					
— Not yet past due	51,380	—	—	—	51,380
Cash and cash equivalents					
— Not yet past due	874,662	—	—	—	874,662
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties					
— Not yet past due	9,995,233	—	—	—	9,995,233
Guarantees given to banks and other institutions in connection with facilities granted to related parties					
— Not yet past due	120,000	—	—	—	120,000
Guarantees given to banks and other institutions in connection with facilities granted to former subsidiaries					
— Doubtful**	—	728,882	—	—	728,882
	13,452,956	1,189,206	157,803	31,964	14,831,929

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

31 December 2023

	12-month ECLs		Lifetime ECLs		Simplified approach RMB'000	Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000			
Other non-current assets	143,730	—	—	—	—	143,730
Trade receivables*	—	—	—	—	41,332	41,332
Financial assets included in prepayments, deposits and other receivables						
— Normal**	3,185,283	—	—	—	—	3,185,283
— Doubtful**	—	—	85,079	—	—	85,079
Due from related companies						
— Normal**	813,325	—	—	—	—	813,325
Restricted cash						
— Not yet past due	598,800	—	—	—	—	598,800
Pledged deposits						
— Not yet past due	96,432	—	—	—	—	96,432
Cash and cash equivalents						
— Not yet past due	1,311,364	—	—	—	—	1,311,364
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties						
— Not yet past due	11,576,527	—	—	—	—	11,576,527
Guarantees given to banks and other institutions in connection with facilities granted to related parties						
— Not yet past due	120,000	—	—	—	—	120,000
	<u>17,845,461</u>	<u>—</u>	<u>85,079</u>	<u>—</u>	<u>41,332</u>	<u>17,971,872</u>

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the expected credit losses is disclosed in note 23 to the financial statements. There is no significant concentration of credit risk.

** The credit quality of amounts due from related companies and the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**(d) Liquidity risk**

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities and lease liabilities as at the end of each reporting period, based on contractual undiscounted payments, is as follows:

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	Over 1 year RMB'000	Total RMB'000	Carrying amount RMB'000
31 December 2024						
Trade and bills payables	3,974,257	352	36,469	838,058	4,849,136	4,849,136
Financial liabilities included in other payables and accruals	3,119,628	—	—	—	3,119,628	3,119,628
Interest-bearing bank and other borrowings	1,968,978	—	446,425	2,897,768	5,313,171	4,321,740
Senior notes	872,940	—	—	—	872,940	872,940
Due to related companies	103,259	—	—	—	103,259	103,259
Financial guarantees contracts	10,844,515	—	—	—	10,844,515	10,844,515
	20,883,577	352	482,894	3,735,826	25,102,649	24,111,218
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	Over 1 year RMB'000	Total RMB'000	Carrying amount RMB'000
31 December 2023						
Trade and bills payables	4,518,606	400	41,465	952,846	5,513,317	5,513,317
Financial liabilities included in other payables and accruals	3,480,005	—	—	—	3,480,005	3,480,005
Interest-bearing bank and other borrowings	1,453,851	238,732	2,553,415	2,989,355	7,235,353	6,225,497
Senior notes	860,104	—	—	—	860,104	860,104
Due to related companies	598,309	—	—	—	598,309	598,309
Lease liabilities	558	1,051	2,056	9,228	12,893	12,030
Financial guarantees contracts	11,696,527	—	—	—	11,696,527	11,696,527
	22,607,960	240,183	2,596,936	3,951,429	29,396,508	28,385,789

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, interest-bearing bank and other borrowings, senior notes, trade and bills payables, other payables and accruals, amounts due to related companies and lease liabilities, less cash and cash equivalents. Capital represents equity attributable to owners of the parent. The gearing ratios as at the end of each reporting period were as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade and bills payables	4,849,136	5,513,317
Other payables and accruals	3,345,942	3,767,586
Interest-bearing bank and other borrowings	4,321,740	6,225,497
Due to related companies	103,259	598,309
Senior notes	872,940	860,104
Lease liabilities	—	12,030
Less: Cash and cash equivalents	874,662	1,311,364
Net debt	12,618,355	15,665,479
Equity attributable to owners of the parent	189,577	2,269,097
Capital and net debt	12,807,932	17,934,576
Gearing ratio	98.52%	87.35%

46. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

31 December 2024

	Percentage of equity interest held by non-controlling interests %	Loss for the year allocated to non-controlling interests RMB'000	Accumulated balances of non-controlling interests RMB'000
Mianyang Hongyuan	50%	2,969	180,295

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	Mianyang Hongyuan RMB'000
Revenue	165,929
Total expenses	(166,539)
Income tax expense	(5,327)
Loss and total comprehensive expense for the year	(5,937)
Current assets	631,915
Non-current assets	—
Current liabilities	(271,325)
Net cash flows used in operating activities	(8,770)
Net cash flows from investing activities	2,218
Net decrease in cash and cash equivalents	(6,552)

Notes to Financial Statements

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46. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

Details of the Group's subsidiaries that have material non-controlling interests are set out below:
(Continued)

31 December 2023

	Percentage of equity interest held by non-controlling interests %	Profit for the year allocated to non-controlling interests RMB'000	Accumulated balances of non-controlling interests RMB'000
Mianyang Hongyuan	50%	44,623	183,264
Chengdu Rundeyinghe	50%	163,310	9,602

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Mianyang Hongyuan RMB'000	Chengdu Rundeyinghe RMB'000
Revenue	1,146,660	1,409,036
Total expenses	(997,890)	(878,434)
Income tax expense	(59,524)	(203,983)
Profit and total comprehensive income for the year	<u>89,246</u>	<u>326,620</u>
Current assets	724,085	1,548,834
Non-current assets	5,327	25,859
Current liabilities	<u>(428,961)</u>	<u>(1,555,489)</u>
Net cash flows used in operating activities	(6,097)	(120,431)
Net cash flows used in investing activities	<u>(1,897)</u>	<u>(1,780)</u>
Net decrease in cash and cash equivalents	<u>(7,994)</u>	<u>(122,211)</u>

47. LITIGATION

As at 31 December 2024 and up to the date of the consolidated financial statements, the Group has certain litigations with its business partners regarding the settlement of the overdue or outstanding trade and other payables, banks and other borrowings.

The Group has been proactive in seeking ways to settle the outstanding litigations of the Group. The Group is confident that it will be able to reach an amicable solution to address claims and disputes where the outcome is not certain at this stage.

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
NON-CURRENT ASSET		
Investment in subsidiaries	—	35,511
Total non-current assets	—	35,511
CURRENT ASSETS		
Cash and cash equivalents	32	32
Prepayments and other receivables	176,920	149,381
Due from subsidiaries	235,135	1,931,757
Total current assets	412,087	2,081,170
CURRENT LIABILITIES		
Senior notes	872,940	860,104
Other payables and accruals	259,630	154,050
Total current liabilities	1,132,570	1,014,154
NET CURRENT (LIABILITIES) ASSETS	(720,483)	1,067,016
TOTAL ASSETS LESS CURRENT LIABILITIES	(720,483)	1,102,527
Net (liabilities) assets	(720,483)	1,102,527
EQUITY		
Share capital	8,670	8,670
Reserves (<i>note</i>)	(729,153)	1,093,857
Total equity	(720,483)	1,102,527

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48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 31 December 2022 and 1 January 2023	1,279,392	35,511	(128,181)	1,186,722
Loss and total comprehensive loss for the year	—	—	(92,865)	(92,865)
Balance at 31 December 2023	1,279,392	35,511	(221,046)	1,093,857
Loss and total comprehensive loss for the year	—	—	(1,823,010)	(1,823,010)
Balance at 31 December 2024	1,279,392	35,511	(2,044,056)	(729,153)

49. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2025.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
CONTINUING OPERATIONS REVENUE	8,571,476	18,493,524	13,978,807	15,054,693	13,158,083
Cost of sales	(8,457,341)	(16,727,734)	(15,978,385)	(12,146,556)	(9,601,853)
GROSS PROFIT	114,135	1,765,790	(1,999,578)	2,908,137	3,556,230
Other income and gains	30,828	85,091	81,138	157,831	74,585
Selling and distribution expenses	(280,609)	(1,013,184)	(938,068)	(933,430)	(649,740)
Administrative expenses	(198,462)	(294,754)	(476,564)	(651,426)	(573,296)
Other expenses	(619,867)	(39,571)	(111,299)	(62,315)	(22,975)
Fair value losses on investment properties, net	(398,700)	(355,900)	(433,816)	2,000	(49,276)
Finance costs	(325,410)	(262,376)	(459,326)	(295,189)	(306,540)
Share of profits and losses of:					
Joint ventures	28,123	12,200	(144,215)	104,945	(29,824)
Associates	(63,672)	(2,629)	(16,421)	5,597	17,196
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	(1,713,634)	(105,333)	(4,498,149)	1,236,150	2,016,360
Income tax expense	(621,171)	(880,205)	(599,733)	(599,401)	(955,792)
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	(2,334,805)	(985,538)	(5,097,882)	636,749	1,060,568
Profit for the year from discontinued operations	—	—	—	—	—
(LOSS)/PROFIT FOR THE YEAR	(2,334,805)	(985,538)	(5,097,882)	636,749	1,060,568
OTHER COMPREHENSIVE INCOME FOR THE YEAR	—	—	—	—	—
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR	(2,334,805)	(985,538)	(5,097,882)	636,749	1,060,568
Attributable to:					
Owner of the parent	(2,084,744)	(1,319,083)	(4,149,888)	488,449	860,311
Non-controlling interests	(250,061)	333,545	(947,994)	148,300	200,257
	(2,334,805)	(985,538)	(5,097,882)	636,749	1,060,568
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted	RMB(2.03)	RMB(1.28)	RMB(4.04)	RMB0.48	RMB1.12

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
ASSETS					
Non-current assets	3,756,380	5,167,062	6,018,359	6,865,826	7,189,458
Current assets	18,866,696	28,879,709	48,005,628	57,568,775	52,883,712
LIABILITIES					
Non-current liabilities	2,852,098	2,602,576	5,091,709	8,633,858	10,939,978
Current liabilities	19,609,025	28,809,312	43,490,538	44,968,715	39,863,120
NET ASSETS	161,953	2,634,883	5,441,740	10,832,028	9,270,072
EQUITY					
Equity attributable to owners of the parent					
Share capital	8,670	8,670	8,670	8,670	8,446
Reserves	180,907	2,260,427	3,735,743	7,872,142	7,241,954
	189,577	2,269,097	3,744,413	7,880,812	7,250,400
Non-controlling interests	(27,624)	365,786	1,697,327	2,951,216	2,019,672
TOTAL EQUITY	161,953	2,634,883	5,441,740	10,832,028	9,270,072