



JY GRANDMARK HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2231

2024

Annual Report



Company Profile

JY Grandmark Holdings Limited (stock code: 2231) was listed on the Stock Exchange on 5 December 2019.

JY Grandmark is a property developer, operator and property management service provider based in the PRC. It runs four principal businesses, namely (i) property development and sales, (ii) hotel operations, (iii) property management and (iv) commercial property investment, with business presence in Guangdong, Hainan, Yunnan, Jiangsu and Hunan provinces. As at 31 December 2024, the total gross floor area of the Group's land reserves reached approximately 3.58 million sq.m.

The Group positions itself as an “Eco-friendly and People-oriented Property Developer” (生態人文地產發展商). It develops homes and communities that it considers to be truly liveable for buyers by leveraging the natural resources, unique landscapes and features as well as rich culture of its selected project sites.





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Corporate Information

Board of Directors

Executive Directors

Mr. CHAN Sze Ming Michael
(Chairman)
(resigned on 28 March 2025)
Mr. LIU Huaxi (Vice-Chairman)
Ms. ZHENG Catherine Wei Hong
Mr. WU Xinping
Ms. WEI Miaochang
(resigned on 30 June 2024)

Independent non-executive Directors

Mr. MA Ching Nam
Mr. LEONG Chong
Mr. WU William Wai Leung

Audit Committee

Mr. WU William Wai Leung
(Chairman)
Mr. MA Ching Nam
Mr. LEONG Chong

Remuneration Committee

Mr. LEONG Chong (Chairman)
Mr. MA Ching Nam
Mr. WU William Wai Leung
Mr. LIU Huaxi

Nomination Committee

Mr. MA Ching Nam (Chairman)
Mr. LEONG Chong
Mr. WU William Wai Leung
Mr. LIU Huaxi

Legal Advisers

As to Hong Kong law:
Lu, Lai & Li Solicitors & Notaries

As to PRC law:
Jingtian & Gongcheng

As to Cayman Islands law:
Conyers Dill & Pearman

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman)
Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Registered Office

Cricket Square
Hutchins Drive, PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

Suites 3008-10, 30/F, Tower One
Times Square, 1 Matheson Street
Causeway Bay
Hong Kong

Principal Place of Business and Head Office in the PRC

X1301-C4884,
No. 106 (Self-named Building 1),
Fengze East Road, Nansha District,
Guangzhou City,
Guangdong Province, the PRC

Auditor

D & Partners CPA Limited

Company Secretary

Ms. WAI Ching Sum

Authorised Representatives

Mr. CHAN Sze Ming Michael
(ended on 28 March 2025)
Mr. LIU Huaxi
(appointed on 28 March 2025)
Ms. WAI Ching Sum

Principal Banks

Hang Seng Bank Limited
Chong Hing Bank Limited
The Bank of East Asia, Limited
Industrial and Commercial Bank of
China, Guangdong Branch

Company's Website

www.jygrandmark.com

Listing Information

Equity Securities

The Company's ordinary shares (stock code: 2231) are listed on the Main Board of the Stock Exchange.

Financial Calendar

Interim results announcement	30 August 2024
Annual results announcement	26 March 2025
AGM	5 June 2025

Closure of Register of Members and Other Key Dates

The Company's Hong Kong register of members will be closed during the following period:

To determine the identity of Shareholders who are entitled to attend and vote at the AGM

Latest time for lodging transfer documents of shares	: 4:30 p.m. on Friday, 30 May 2025
Period of closure of Hong Kong register of members	: Monday, 2 June 2025 to Thursday, 5 June 2025 (both days inclusive)

To qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the share certificate must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than the corresponding latest time for lodging transfer document of shares.

Annual General Meeting

The AGM will be held on Thursday, 5 June 2025. The AGM Notice will be set out in the Company's circular to be despatched together with this annual report to the Shareholders. The AGM Notice and the proxy form will also be published on the Company's website (www.jygrandmark.com) and the Stock Exchange's website (www.hkexnews.hk).

Despatch of Corporate Communications

The English and Chinese versions of this annual report are available on the website of the Company at www.jygrandmark.com and the HKEXnews website at www.hkexnews.hk. A notice of publication of the website version of this annual report, in both English and Chinese, will be sent by the Company to the Shareholders by email or by post (only if the Company does not possess the email address of the Shareholder or the email address provided by the Shareholder is not functional) on the publication date of this annual report.

No printed copies of this annual report will be sent to the Shareholders unless the Shareholder has specifically requested for printed copies.

Milestones in 2024

2024.04.04

Blocks 3, 4, 5 and 6 of Zengcheng JY Uniworld were delivered.



2024.06.30

Blocks 1-4 of Jinke JY Grand Garden in Zengcheng was delivered as scheduled.



2024.06.30

Phase I and Phase II of JY Logan Jiuyun Mansion in Nanjing was delivered as scheduled.



2024.11.16

Guangzhou Shunbang Investment Co., Ltd. (廣州市舜邦投資有限公司) sold and completed the delivery of a property located at No. 190 and 192 Guanjing Road, Xingnan Avenue, Nancun Town, Panyu District, Guangzhou. The property was the business premises of Just Stay Hotel. With the disposal of the property, Just Stay Hotel announced the suspension of its operation.



2024.06.30

Blocks 15 and 16 of Qingyuan JY Grand Garden was delivered as scheduled.



Major Honours and Awards in 2024

Number	Awarding body	Honour/Award	Awardees
1	Culture, Radio, Television, Tourism and Sports Bureau of Baiyun District, Guangzhou (廣州市白雲區文化廣電旅遊體育局)	Outstanding Contribution Units to the High-Quality Development of Tourism in Baiyun District in 2023 (2023年度白雲區旅遊高質量發展突出貢獻單位)	Guangzhou Zhuo Si Dao B&B Management Co., Ltd.
2	Guangzhou Star Tourism B&B Rating Committee (廣州市星際旅遊民宿評定委員會)	Kapok Two-Star Award (紅棉二星)	Guangzhou Zhuo Si Dao B&B Management Co., Ltd.
3	Agricultural Bank of China, Qingyuan Branch	2024 Gold Customer	Yingde Shanhuju Real Estate Development Co., Ltd.



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Major Honours and Awards in 2024 (Continued)

Number	Awarding body	Honour/Award	Awardees
4	Beijing Zhiketong Technology Co., Ltd. (北京直客通科技有限公司)	2024 South China Regional Digital Marketing Excellence Award for 618 (2024年度618華南區域數字化營銷卓越獎)	Guangzhou Zhuosidao Hotel Management Co., Ltd., Conghua Branch
5	Dongguan Youth International Travel Service Co., Ltd. (東莞市青年國際旅行社有限公司)	2024 Excellent Partner	Just Stay Resort in Conghua District
6	Dongguan Youth International Travel Service Co., Ltd. (東莞市青年國際旅行社有限公司)	2024 Hot Spring Bathing Hotel Ranking	Just Stay Resort in Conghua District



LAND BANK AS AT 31 DECEMBER 2024

I. Land bank calculated by cities

As at 31 December 2024, the Group had a total of 35 property projects in 10 cities. 34 of these properties were developed and owned by the Group, and 1 was developed by the Group's joint venture and associates. As at 31 December 2024, the Group had a land bank of approximately 3.58 million sq.m. on an attributable basis.

The total GFA of the Group's land bank includes (i) the total GFA of property completed, (ii) the total GFA of property under development and (iii) the total GFA for future development.

The following table sets forth the land bank details of the Group by region as at 31 December 2024.

Location	No. of project	Completed	Under development	Future development	Completed	Under development	Future development	Total land bank (sq.m.)
		No. of project	No. of project	No. of project	Saleable/leasable GFA unsold/not leased (sq.m.)	Aggregate GFA (including non-saleable/non-leasable GFA) (sq.m.)	Estimated aggregate GFA for future development (sq.m.)	
Guangdong		6	6	3				
Conghua	3	3			33,189	–	–	33,189
Zhongshan	1	1			25,461	–	–	25,461
Qingyuan	6	1	3	2	119,443	217,973	804,275	1,141,691
Zhaoqing	2	1	1		59,156	159,081	–	218,237
Zengcheng	2		2		23,020	91,680	–	114,700
Hainan		6	1	1				
Lingshui	5	5			286	–	–	286
Lingao	3	1	1	1	9,142	21,137	143,237	173,516
Yunnan		2	1	5				
Tengchong	8	2	1	5	9,801	86,765	1,079,170	1,175,736
Jiangsu		1		–				
Liuhe	1	1			10,995	–	–	10,995
Hunan		1	2	1				
Zhuzhou	4	1	2	1	67,315	145,824	474,826	687,965
Total	35	15	10	10	357,808	722,460	2,501,508	3,581,776

Land Bank (Continued)

II. Land bank calculated by project

No.	Project	Interest of the Group	Province	Location	Property type	Total site area on post-equity basis (note 1) (sq.m.)	Completed GFA (sq.m.)	GFA under development on post-equity basis (sq.m.)	GFA for future development (sq.m.)	Total GFA on post-equity basis (note 2) (sq.m.)	Construction completion time/estimated construction completion time
1	JY Lychee Town Phase I	100%	Guangdong	JY Lychee Town Garden, Xuanxing Village, Wenquan Town, Conghua District, Guangzhou City, Guangdong Province, the PRC	Residential	70,385	3,815	–	–	3,815	2015.12
2	JY Lychee Town Phase II	100%	Guangdong	JY Lychee Town Garden, Xuanxing Village, Wenquan Town, Conghua District, Guangzhou City, Guangdong Province, the PRC	Residential	70,385	28,811	–	–	28,811	2018.10
3	JY Hot Spring Villas	100%	Guangdong	No. 288 Yuquan Avenue, Liangkou Town, Conghua District, Guangzhou City, Guangdong Province, the PRC	Hotel rooms	131,091	563	–	–	563	2016.10
4	JY Clearwater Bay No. 3 Phase I	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	83,375	220	–	–	220	2015.12
5	JY Clearwater Bay No. 3 Phase II	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	67,770	66	–	–	66	2016.12
6	JY Clearwater Bay No. 3 Phase III	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	121,631	–	–	–	–	2018.07
7	JY Clearwater Bay No. 3 Phase VI	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	58,823	–	–	–	–	2019.06
8	JY Clearwater Bay No. 3 Phase VII	100%	Hainan	Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC	Residential	48,471	–	–	–	–	2019.06
9	JY Yarra New Street (previously known as Zhongshan Yueheng Project)	50%	Guangdong	Yarra City Commercial Street, Southern District, Zhongshan City, Guangdong Province, the PRC	Shop	–	25,461	–	–	25,461	–
10	JY Grand Garden Phase I	100%	Guangdong	JY Grand Garden, West of Yingzhou Avenue, Yingcheng Town, Yingde City, Qingyuan City, Guangdong Province, the PRC	Residential	67,812	91,419	–	–	91,419	2020.12

No.	Project	Interest of the Group	Province	Location	Property type	Total site area on post-equity basis (note 1) (sq.m.)	Completed GFA (sq.m.)	GFA under development on post-equity basis (sq.m.)	GFA for future development (sq.m.)	Total GFA on post-equity basis (note 2) (sq.m.)	Construction completion time/estimated completion time
11	JY Gaoligong Town Phase I	100%	Yunnan	JY Gaoligong Town, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	252,047	4,770	–	–	4,770	2019.12
12	JY Gaoligong Town Phase II	100%	Yunnan	JY Gaoligong Town, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	252,047	5,031	–	113,842	118,873	2020.12
13	JY Mountain Lake Gulf Phase I (100# Lot)	100%	Hunan	79 Jincheng East Road, Hetang District, Zhuzhou City, Hunan Province, the PRC	Residential	101,175	67,315	–	–	67,315	2020.12
14	JY Egret Bay Phase I (previously known as JY Well-being Valley Phase I (06# Lot))	100%	Hainan	Ganlang Village, Nanbao Town, Lingao County, Hainan Province, the PRC	Residential	28,779	9,142	–	–	9,142	2020.12
15	JY Egret Bay Phase II (previously known as JY Well-being Valley Phase II (07# Lot))	100%	Hainan	Ganlang Village, Nanbao Town, Lingao County, Hainan Province, the PRC	Residential	59,717	–	21,137	80,093	101,230	2025.12
16	JY Well-being Valley Phase III (04# Lot)	100%	Hainan	Ganlang Village, Nanbao Town, Lingao County, Hainan Province, the PRC	Residential	51,513	–	–	63,144	63,144	2026.12
17	JY Grand Garden Phase II	100%	Guangdong	JY Grand Garden, West of Yingzhou Avenue, Yingcheng Town, Yingde City, Qingyuan City, Guangdong Province, the PRC	Residential	67,812	28,024	55,594	–	83,618	2021.06
18	JY Grand Garden Phase III	100%	Guangdong	Lot B, North of Guangbi Road, East of Yingzhou Avenue, Yingde City, Qingyuan City, Guangdong Province, the PRC	Residential	26,340	–	76,378	88,512	164,890	2027.12
19	JY Canglong Bay Project	80%	Guangdong	Lot B, North of Jiaoyu Road, East of Hongyun Avenue, Yinghong Town, Yingde City, Qingyuan City, Guangdong Province, the PRC	Residential	60,230	–	86,001	132,349	218,350	2027.12
20	JY Yonghua Shijia Project	100%	Guangdong	North of Lingnan Road, East of Hongyun Avenue, Yinghong Town, Yingde City, Qingyuan City, Guangdong Province, the PRC	Residential	60,877	–	–	182,630	182,630	2028.12
21	JY Yingde Jinxiong Project	100%	Guangdong	West of Baojing Road, South of Yingzhou Avenue, Yingcheng District, Yingde City, Qingyuan City, Guangdong Province, the PRC	Urban redevelopment: Commercial and residential property to be redeveloped	160,314	–	–	400,784	400,784	2028.12

Land Bank (Continued)

No.	Project	Interest of the Group	Province	Location	Property type	Total site area on post-equity basis (note 1) (sq.m.)	Completed GFA (sq.m.)	GFA under development on post-equity basis (sq.m.)	GFA for future development (sq.m.)	Total GFA on post-equity basis (note 2) (sq.m.)	Construction completion time/estimated construction completion time
22	JY Gaoligong Town Phase III	100%	Yunnan	JY Gaoligong Town, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	252,047	–	–	68,893	68,893	2028.06
23	JY Mountain Lake Gulf Phase II (100# Lot)	100%	Hunan	79 Jincheng East Road, Hetang District, Zhuzhou City, Hunan Province, the PRC	Residential	101,175	–	–	236,787	236,787	2027.12
24	JY Mountain Lake Gulf Phase III (111# Lot)	100%	Hunan	North of Intersection of Jincheng East Road and Jinda Road, Zhuzhou City, Hunan Province, the PRC	Residential	85,260	–	91,512	183,129	274,641	2028.12
25	Jing Ye Square (previously known as JY Mountain Lake Gulf Phase IV (99# Lot))	100%	Hunan	299 Hetang Avenue, Hetang District, Zhuzhou City, Hunan Province, the PRC	Commercial	22,754	–	54,312	54,910	109,222	2026.12
26	Zhaoqing International Technology and Innovation Centre (Zone A)	100%	Guangdong	North of Zongbu 3rd Road, South of Zongbu 2nd Road, North of Yongli Avenue, West of Yingbin Road, New Area, Dinghu District, Zhaoqing City, Guangdong Province, the PRC	Business and commercial	26,446	–	159,081	–	159,081	2028.12
27	JY Uniworld (previously known as Zhaoqing International Technology and Innovation Centre (Zone B))	100%	Guangdong	17 Yongli Avenue, New Area, Dinghu District, Zhaoqing City, Guangdong Province, the PRC	Residential and commercial	40,335	59,156	–	–	59,156	2020.10
28	JY Jiangshan Shili Zone A	100%	Yunnan	JY Jiangshan Shili, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	96,922	–	86,765	181,078	267,843	2025.06
29	JY Jiangshan Shili Zone B	100%	Yunnan	JY Jiangshan Shili, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	48,559	–	–	145,677	145,677	2027.12
30	JY Jiangshan Shili Zone C	100%	Yunnan	JY Jiangshan Shili, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	30,724	–	–	92,172	92,172	2028.12

No.	Project	Interest of the Group	Province	Location	Property type	Total site area on post-equity basis (note 1) (sq.m.)	Completed GFA (sq.m.)	GFA under development on post-equity basis (sq.m.)	GFA for future development (sq.m.)	Total GFA on post-equity basis (note 2) (sq.m.)	Construction completion time/estimated completion time
31	JY Jiangshan Shili Zone D	100%	Yunnan	JY Jiangshan Shili, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	67,072	-	-	201,216	201,216	2029.06
32	Jinke JY Grand Garden	51%	Guangdong	Kengbei Village, Zhongxin Town, Zengcheng District, Guangzhou City, Guangdong Province, the PRC	Residential	16,376	7,877	35,061	-	42,938	2023.11
33	JY Uniworld (previously known as Zengcheng Shitan Project)	100%	Guangdong	West of Xincheng Avenue, Shitan Town, Zengcheng District, Guangzhou City, Guangdong Province, the PRC	Residential	26,938	15,143	56,619	-	71,762	2024.03
34	JY Logan Jiuyun Mansion (previously known as Nanjing Liuhe Project)	26%	Jiangsu	Lot at South of Qinyuan Road, East of Yanan Road, Xiongzhou Street, Liuhe District, Nanjing City, Jiangsu Province, the PRC	Residential	13,002	10,995	-	-	10,995	2023.12
35	JY Yunshan Xigu	100%	Yunnan	JY Yunshan Xigu, Qushi Town, Tengchong County, Baoshan City, Yunnan Province, the PRC	Residential	132,971	-	-	276,292	276,292	2028.12
Total						2,057,709	357,808	722,460	2,501,508	3,581,776	

Notes:

- (1) Relevant land use certificate was granted to the entire land parcel and breakdown of site area for each phase was not available.
- (2) The total GFA of the Group's land bank includes (i) the saleable/leasable GFA of property completed, (ii) the total GFA of property under development and (iii) the total GFA for future development.
- (3) The total site area and GFA in the table above are calculated on a post-equity basis based on the Group's attributable equity interest.
- (4) The relevant GFA does not include the GFA for resettlement purpose.

Project Overview

JY Grandmark will continue to adhere to its developing position as an “Eco-friendly and People-oriented Comprehensive Operator”, and will be more flexible in the development of improved health care housing products to provide multiple choices for urban elite groups and health care and recreational vacation groups to adapt to a better life.





JY Lychee Town

Conghua, Guangdong



JY Hot Spring Villas

Conghua, Guangdong



JY Yarra New Street

Zhongshan, Guangdong



JY Uniworld

Zhaoqing, Guangdong



Jinke JY Grand Garden

Zengcheng, Guangdong



JY Uniworld

Zengcheng, Guangdong



JY Grand Garden

Qingyuan, Guangdong



JY Maofeng Town

Baiyun, Guangdong



JY Clearwater Bay No. 3

Lingshui, Hainan



JY Egret Bay

Lingao, Hainan



JY Logan Jiuyun Mansion

Nanjing, Jiangsu



JY Gaoligong Town

Tengchong, Yunnan



JY Jiangshan Shili

Tengchong, Yunnan



JY Mountain Lake Gulf

Zhuzhou, Hunan



Chairman's Statement



Mr. CHAN Sze Ming Michael

Chairman of the Board

The Group has maintained active communications with various banks and creditors to seek an all-encompassing solution to our current cash flow issues, thus ensuring the long-term sustainability and feasibility of the Group's operations with our commitment to the benefits of all stakeholders.



Dear Shareholders,

On behalf of JY Grandmark Holdings Limited (“JY Grandmark” or the “Company”) and its subsidiaries (together with the Company, the “Group”), I wish to present the consolidated annual results review and prospects of the Group for the year ended 31 December 2024 to the shareholders of the Company (the “Shareholders”).

Results Review

In 2024, the international situation remained complex and volatile, and the recovery progress of domestic economy of China was also fluctuated and stuck due to the combined effects of downward pressure and upward forces. Benefiting from a package of incremental policies, the market demand experienced a structural recovery in the fourth quarter, while the general economic growth still exposed to the potential effect of low inflation and the downturn in real estate industry and other issues.

The central government further strengthened the counter-cyclical adjustment of macroeconomic policies, positively stimulating both the supply and demand of the real estate market through policy stimulus. However, market bottom oscillations and deep structural adjustments in the industry remained as the main operating trend of the domestic real estate market throughout 2024.

Chairman's Statement (Continued)

The hardship of the industry's operation as well as the depth and duration of its adjustment had exceeded expectations. Amid the operating challenges and pressure arising from the sustained uncertainty of the market, leveraging on the support of policies, JY Grandmark continuously maintained its strategic stability and operational resilience, adhered to the principle of "stabilising operation, ensuring delivery, resolving risks", promptly adjusted its operating strategies, and proactively optimised its business structure, to create opportunities and space for survival and development, and made every effort to preserve the value of all its stakeholders.

The recovery of the real estate market is full of uncertainty. In order to appropriately cope with the short-term liquidity risks and capital pressures that have squeezed and impacted the operational space, actively mitigating the debt risks to ensure the stable and sound operation in general has become one of the core operating goals of the Group for the current stage.

During the year, through the implementation of a variety of measures, including the securing of new sources of financing, strengthening of the liquidation of funds, the extension of financing debts and the disposal of non-core assets, the Group was committed to taking the initiative to improve its debt structure, revitalise its assets, actively responding to operational challenges. Additionally, the Group optimised cash flow allocation and maintained the general stability of its debt interface by further strengthening the centralised and integrated management of cash flow, and flexibly adjusting its capital expenditure through tracking, calculating, and assessing in advance of the liquidity.

In January 2024, the Group successfully completed the exchange of senior notes due 2024 (in an aggregate principal amount of US\$152 million) with the newly issued senior notes due 2025 (in an aggregate principal amount of US\$159 million).

During the year, the project-level loans of the Group remained largely normal. For some financing that requires extension due to the market downturn, the Group actively negotiated with financial institutions to promote the formulation of comprehensive and long-term solutions, striving to reduce the existing finance costs and alleviate the interest burden.

Facing the existing debt issues and pressure, the Group continued to intensify its efforts to revitalise its own assets, and to improve the cash flow of the Company by actively identifying opportunities to realise non-strategic high-quality assets, such as self-owned investment properties and self-operated hotels, as well as enhancing the efficiency of the leasing of idled assets to external parties. To further improve the quality and efficiency of asset revitalisation, during the year, the Group implemented the organisational adjustment, establishing a new merchants centre at the group level to arrange for dedicated personnel to promote the realisation and disposal of idle assets. During the year, the Group suitably disposed its self-operated hotel, being Just Stay Hotel, to effectively supplement our operating funds.

Meanwhile, closely following the direction of the industry's financing policies to actively promote the undertaking of new financing policies has also become one of the ways for the Group to "renew" its cash flow. During the year, the Group stepped up its efforts in financing of operating property loans to unleash the potential value of its assets in order to support the mitigation of debt risks.

While actively mitigating our debts pressure, in order to seek fundamental survival and development in a more stable manner, during the year, the Group seized the policy window period of “destocking and market stabilisation” from the central government, continuing to adopt prudent and positive strategies to accelerate property sales. For cities with high overall inventory and slow phasing out of inventory, the operation pace of the projects was slowed down temporarily to reduce the operation risk; for projects in cities where the market is recovering quickly, and for projects with a solid customer base and high traffic in the regional market, such as recreational vacation residence and health care as well as improved housing projects, the Group maximised the concentration of advantageous resources to provide support for their operation, development, and sales, enhanced the overall competitiveness of the projects in regional markets, and sought to maximise performance and benefits.

During the year, the Group also actively embraced the call of “parallel development of property renting and selling”, seized the policy trends in the rental market and catered to the regional market demands of high-tier cities, transforming existing property assets of certain projects into long-term rental housing, optimising our business structure to manage inventory and revitalise assets. Concurrently, as for some improved properties with considerable long-term potential, we had opened up new business forms by adopting strategies such as converting them into holiday homestays and centralised rental elderly care apartments, and leveraged trial stays to foster long-term rental operations or property purchase.

The Group has always made “safeguarding people's livelihoods, ensuring delivery, and guaranteeing quality” one of its core operating goals, actively responded to governmental requirements on delivery assurance, taken on our primary responsibilities, promoting our projects to apply for the delivery assurance “white list” to secure resources including specific borrowings and supporting financing for delivery assurance. In doing so, we can support the development, construction and delivery of our property projects, fulfill our corporate duties and bolster customer confidence. During the year, thanks to the relentless dedication of the Group, there were 12,043 households and 17,660,000 sq.m. of area under the management of the Group's Zhuodu Property, performing the corporate commitment through actual actions.

Prospects and Expectation

It is expected that in 2025, the central government may enhance its macroeconomic policies to further stimulate the vitality and dynamism of economic operations and promote a general recovery and improvement of the national economy. The policies towards the property industry will continue to focus on the core aspects including “risk prevention and resolution” and “continuous promotion of stability and recovery”, along with a more positive and moderately relaxed environment for supporting policies. However, due to the lack of significant improvement in market expectations, the property market may still maintain a slow recovery under pressure.

The Group will continue to adhere to its developing position as an “eco-friendly and people-oriented comprehensive operator”, firmly implement a diversified and integrated development strategy and operation mode, and leverage cross-business synergy advantages to vigorously improve its capabilities in products, services and comprehensive operations. Grasping policy trends and aligning with new market needs, we will provide more residents with a more flexible and diverse range of improved housing products and health care housing products and lead a new model of humanistic livability.

In addition, the Group will continuously adhere to long-termism and lean management philosophy, focus on improvement of capabilities and prevention of risks, properly address the liquidity pressure, further reduce the gearing ratio and mitigate the risks, to realise the stabilisation and improvement of its operating results, and accumulate strength to seek for further development with a lighter footprint.

Chairman's Statement (Continued)

The Group has maintained active communications with various banks and creditors to seek an all-encompassing solution to our current cash flow issues, thus ensuring the long-term sustainability and feasibility of the Group's operations with our commitment to the benefits of all stakeholders.

We firmly believe that by adhering to the “diversified and integrated” synergic business model and combining the efforts from all employees, the overall business will continue to develop in a balanced and constructive manner. We also promise to continue to assume corporate citizenship responsibilities and give back to society through actions.

Appreciation

On behalf of the Board, I hereby express my heartfelt appreciation to all Shareholders, investors, customers, partners, all employees and all sectors of society for their long-term attention and support to the development of the Group. We will respond to the industry trend, continuously improve management, and continue to strive for sustainable development.

CHAN Sze Ming Michael

Chairman of the Board

Guangzhou, the PRC, 26 March 2025

Management Discussion and Analysis

Business and Financial Review

Overall performance

During the year of 2024, the aggregated contracted sales of the Group, including those of the Group's joint venture and associates, was approximately RMB470.5 million, representing a decrease of 69.5% as compared to RMB1,541.5 million in 2023. The corresponding contracted gross floor area ("GFA") was approximately 51,000 sq.m., representing a decrease of 67.7% as compared to approximately 158,000 sq.m. in 2023. The significant decline in contracted sales is attributed to the downturn in Mainland China property market, reflected in the simultaneous drop in both selling price and GFA.

During the year of 2024, the Group's recognised revenue was RMB3,426.7 million, representing a significant year-on-year increase of 567.3% as compared to RMB513.5 million in 2023. Recognised revenue increased significantly is mainly because the project in Nanjing and Guangzhou were completed, filling and delivered in 2024 as scheduled. The operating loss was RMB23.6 million, as compared to operating loss of RMB1,977.5 million in 2023. Loss for the year was RMB132.6 million, as compared to loss for the year of RMB2,142.6 million in 2023.

Revenue

Our revenue represents consolidated revenue from (i) property development and sales; (ii) hotel operations; (iii) property management; and (iv) commercial property investment which are all derived in the PRC. During the year of 2024, revenue of the Group amounted to RMB3,426.7 million (2023: RMB513.5 million), representing a significant year-on-year growth of 567.3%.

Property development and sales

We focus on the development of quality residential properties with comfortable and convenient living environment. During the year of 2024, revenue from property development and sales business of the Group recorded a substantial growth of 726.3%, from RMB402.2 million in 2023 to RMB3,323.3 million in 2024, accounting for 97.0% of the Group's total revenue. The marked increase in revenue was mainly as a result of the growth in the aggregate GFA of properties delivered during the year of 2024.

The following table sets forth the breakdown of our revenue from property development and sales by geographical location for the years ended 31 December 2024 and 2023.

City	Year ended 31 December 2024				Year ended 31 December 2023			
	Recognised	% of	Total	Recognised	Recognised	% of	Total	Recognised
	revenue	total			revenue	total		
	from	from			from	from		
	sales of	sales of	GFA	average	sales of	sales of	GFA	average
	properties	properties	delivered	selling price	properties	properties	delivered	selling price
	RMB'000	%	sq.m.	RMB/sq.m.	RMB'000	%	sq.m.	RMB/sq.m.
Guangzhou	1,438,953	43.3	100,987	14,249	8,165	2.0	654	12,485
Zhaoqing	6,318	0.2	1,552	4,071	24,924	6.2	3,471	7,181
Qingyuan	99,482	3.0	27,545	3,612	226,389	56.3	52,207	4,336
Lingao	5,309	0.2	855	6,209	12,567	3.1	2,016	6,234
Tengchong	60,527	1.8	5,300	11,420	81,416	20.3	8,874	9,175
Zhuzhou	7,678	0.2	2,721	2,822	15,600	3.9	4,498	3,468
Nanjing	1,702,965	51.2	98,225	17,337	18,271	4.5	921	19,838
Other revenue (Note)	2,115	0.1	N/A	N/A	14,894	3.7	N/A	N/A
Total/overall	3,323,347	100.0	237,185	14,003	402,226	100.0	72,641	5,332

Note: Other revenue represented service income from property development and management.

Management Discussion and Analysis (Continued)

Hotel operations

Apart from property development and sales, we also operate Just Stay Resort and Just Stay Inn under our hotel operations business. During the year of 2024, revenue from hotel operations of the Group amounted to RMB58.6 million, representing a significant decrease by 18.9% from RMB72.3 million in 2023. The downward trend was mainly due to the closure of Just Stay Hotel in November 2024. As a significant component of hotel business, the closure of the Just Stay Hotel has had a direct impact on the overall hotel operation revenue.

Property management

We also derived income from our property management services provided to purchasers of the residential properties. During the year of 2024, revenue from property management services of the Group reached RMB42.3 million, representing an increase of 25.5% as compared with RMB33.7 million in 2023, mainly driven by stable growth in total GFA of properties under management.

Commercial property investment

During the year of 2024, revenue from commercial property investment of the Group amounted to RMB2.5 million, with a year-on-year decrease of 51.9% as compared with RMB5.2 million in 2023. The decrease was primarily due to the sale of investment properties, resulting in a reduction in rental properties being leased.

Cost of sales

Cost of sales of the Group primarily represents costs of properties sold which are directly associated with the Group's property development activities, as well as costs incurred in relation to other businesses. During the year of 2024, cost of sales of the Group amounted to RMB2,926.2 million, representing an increase of 526.1% as compared with RMB467.4 million in 2023. The significant increase in cost of sales was in line with more properties being delivered in the year of 2024.

Gross profit and gross profit margin before impairment losses on completed properties held for sale and properties under development

During the year of 2024, the Group's gross profit before impairment losses on completed properties held for sale and properties under development amounted to RMB500.5 million, representing an increase of 985.7% as compared with RMB46.1 million in the corresponding period of 2023. The Group's gross profit margin before impairment losses on completed properties held for sale and properties under development increased to 14.61% from 9.0% for the same period of 2023.

During the year of 2024, the Group's gross profit margin before impairment losses on completed properties held for sale and properties under development from our property development and sales increased to 15.1% from 10.7% in 2023.

Analysing based on the gross profit margin before impairment losses on completed properties held for sale and properties under development by city, top three cities ranked by revenue including Nanjing, Guangzhou and Qingyuan attained an average gross profit margin before impairment losses on completed properties held for sale and properties under development of 17.3%, and the revenue of these three cities accounted for 97.5% of our total revenue from property development and sales during the year of 2024.

Net impairment losses on completed properties held for sale and properties under development

During the year of 2024, net impairment losses on completed properties held for sale and properties under development amounting to RMB154.5 million (2023: RMB1,666.1 million) was provided for in accordance with the remeasurement of net realisable value of the property projects based on the prevailing selling prices as well as other related market conditions.

Selling and marketing expenses

Our selling and marketing expenses consist primarily of commission fees, advertising costs, employee benefit expenses and other miscellaneous expenses. During the year, selling and marketing expenses of the Group amounted to RMB135.3 million, representing an increase of 141.6% as compared with RMB56.0 million in 2023. The upward trend was mainly attributable to the increase in commission fees recognised by RMB116.0 million year-on-year, as a result of the growth in recognised revenue from property development and sales. We have capitalised the commission fees incurred as contract costs and subsequently recognised the amounts as expenses when the related revenue are recognised. Excluding commission fees, other selling and marketing expenses during the year of 2024 decreased by 51.3% year-on-year, mainly attributable to the efforts on cost control measures over marketing activities throughout the period.

Administrative expenses

Administrative expenses primarily comprised of employee benefit expenses, depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets, tax and other levies, entertainment expenses for our business, office and travelling expenses and other miscellaneous expenses. During the year of 2024, the Group's administrative expenses amounted to RMB76.2 million, representing a decrease of 12.2% as compared with RMB86.8 million in 2023. The decrease was also resulted from continuous cost control measures imposed.

Other income and other expenses

During the year of 2024, our other income amounted to RMB0.6 million as compared with RMB10.9 million in 2023. The decrease was resulted from the interest income from a related party which was disposal in 2023. Other expenses primarily represented penalties and compensation.

Other losses – net

During the year of 2024, our other losses – net primarily consisted of net impairment losses on right-of-use assets, losses on disposals of investment properties and property, plant and equipment, fair value losses on investment properties and net foreign exchange losses. The Group's other losses – net decreased from RMB163.0 million in 2023 to RMB43.0 million in 2024, mainly due to increase in gains on disposals of investment properties and property, plant and equipment by RMB42.6 million.

Finance costs – net

Finance costs – net comprised mainly interest expense on borrowings and leases net of capitalised interest expense, net exchange gains on foreign currency borrowings and interest income from bank deposits. The Group's finance costs – net increased from RMB9.9 million in 2023 to RMB31.7 million in 2024, mainly due to less interest income generated by lower average total cash balance and more interest expense on leases.

Share of profit/(loss) of investments accounted for using the equity method

During the year of 2024, the Group's share of profit/(loss) of investments accounted for using the equity method changed from loss of RMB9.2 million in 2023 to profit of RMB0.01 million in 2024, mainly due to the disposal of the Group's equity interests in Zhujiang Village Project in July 2023.

Management Discussion and Analysis (Continued)

Income tax expense

Income tax expense included corporate income tax and land appreciation tax ("LAT"). During the year of 2024, corporate income tax expense amounted to RMB92.0 million (2023: RMB148.8 million), mainly due to the effect of losses not recognised as deferred income tax assets. LAT recorded tax credit of RMB14.7 million (2023: LAT credit of RMB2.7 million).

Loss for the year

As a result of the aforementioned, the Group recorded a net loss of RMB132.6 million in 2024, as compared to loss of RMB2,142.6 million in 2023. Loss attributable to owners of the Company amounted to RMB344.1 million, as compared to loss attributable to owners of the Company amounted to RMB1,835.4 million in 2023.

Basic and diluted losses per share for the year of 2024 was RMB0.21, as compared to basic and diluted losses per share of RMB1.11 in 2023.

Liquidity, Financial and Capital Resources

The Group funded and is expected to continue to fund its operations principally from cash generated from its operations, borrowings from financial institutions and proceeds from issuance of senior notes.

Cash positions and fund available

As at 31 December 2024, the total cash and bank balances of the Group were RMB154.9 million (31 December 2023: RMB464.2 million), of which RMB21.2 million (31 December 2023: RMB125.0 million) was cash and cash equivalents and RMB133.8 million (31 December 2023: RMB339.2 million) was restricted cash.

As at 31 December 2024, the Group had placed at designated bank accounts the pre-sale proceeds of properties received of RMB117.1 million (31 December 2023: RMB304.1 million) as the guarantee deposits for the constructions of related properties.

As at 31 December 2024, the Group's undrawn banking facilities were approximately RMB340.5 million (31 December 2023: RMB255.5 million).

Borrowings

As at 31 December 2024, the total interest-bearing borrowings and senior notes of the Group were RMB3,252.5 million (31 December 2023: RMB3,202.2 million), of which RMB580.0 million (31 December 2023: RMB29.0 million) was included in non-current liabilities and RMB2,672.5 million (31 December 2023: RMB3,173.2 million) was included in current liabilities of the Group, respectively.

- (a) As at 31 December 2024, certain borrowings of RMB552 million and interest payables of RMB29 million, relating to borrowings with a total principal amount of RMB736 million, were overdue. As a result of such default, the principal amount of borrowings of RMB588 million were considered as cross default. The aggregate principal amount of the aforesaid borrowings of RMB1,324 million would be immediately repayable if requested by the lenders.

- (b) On 11 January 2024, the Company issued the senior notes with nominal interest rate 9.5% due 9 January 2025 in an aggregate principal amount of US\$159,284,612. The issue of the senior notes was related to the exchange offer of the existing senior notes amounting to US\$152,100,000 due 11 January 2024 and capitalised interest accrued and unpaid. The senior notes were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 12 January 2024.

The above senior notes are guaranteed by certain subsidiaries of the Group.

- (c) As at 31 December 2024, the Group’s borrowings were denominated in following currencies:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
RMB	1,489,004	1,600,310
HK\$	512,547	491,024
US\$	1,250,988	1,110,902
	3,252,539	3,202,236

Management Discussion and Analysis (Continued)

- (d) As at 31 December 2024, bank and other borrowings totalling RMB1,885.9 million (31 December 2023: RMB1,955.0 million) of the Group were secured by the pledge of the following assets together with the Group's shares of certain subsidiaries as collaterals:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Lands	11,090	11,634
Property, plant and equipment	129,800	224,886
Investment properties	–	101,605
Properties under development	1,025,241	1,124,706
Completed properties held for sale	1,199,241	632,575
Trade receivables	–	1,097
Restricted cash	144	5,500
	2,365,516	2,102,003

Cost of borrowings

During the year of 2024, total cost of borrowings of the Group amounted to RMB258.8 million, representing a decrease of 8.1% from RMB282.8 million in 2023. The weighted average effective interest rate was 7.94% per annum (2023: 8.00% per annum).

Net gearing ratio

As at 31 December 2024, net gearing ratio* was at 277.7% (31 December 2023: 175.9%).

* Net gearing ratio represents the ratio of net debts (total borrowings net of cash and cash equivalents and restricted cash) divided by total equity as at the end of the reporting period.

Contingent liabilities

- (a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate, which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

As at 31 December 2024, the outstanding guarantees were RMB1,482.2 million (31 December 2023: RMB2,070.9 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages.

The Group considers that in case of default in payments by purchasers, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

- (b) As at 31 December 2024, the Group had provided guarantees for borrowings of the Group's joint venture amounting to RMB344.7 million (31 December 2023: RMB355.4 million), with a provision amounting to RMB25.3 million being made in the financial statements for the guarantee.

Commitments

As at 31 December 2024, the commitments of the Group for property development expenditure amounted to RMB276.1 million (31 December 2023: RMB1,123.1 million).

Currency risks

The Group's businesses are principally conducted in Renminbi ("RMB"). The monetary assets and liabilities of the Group's subsidiaries in the PRC are mainly denominated in RMB and the foreign exchange risk is immaterial. The non-PRC subsidiaries' functional currency is Hong Kong Dollar ("HK\$"). As at 31 December 2024 and 31 December 2023, major non-HK\$ assets and liabilities of the non-PRC subsidiaries are cash and cash equivalents, restricted cash, other receivables, borrowings and other payables, which are denominated in RMB or US Dollar ("US\$"). Fluctuation of the exchange rate of HK\$ against RMB or US\$ could affect the Group's results of operations.

The Group has not entered into any forward exchange contracts to hedge its exposure to foreign exchange risk. However, management of the Group monitors foreign exchange risk exposure and will consider hedging significant foreign exchange risk exposure should the need arise.

Future Plans for Material Investments and Capital Assets

As at 31 December 2024, the Group did not have plan for material investments and capital assets.

Significant Investments, Major Acquisitions and Disposals

The Group did not hold significant investments, or conduct material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 December 2024.

Biographies of the Directors and Senior Management

Directors

Executive Directors

Mr. CHAN Sze Ming Michael (陳思銘), aged 36, was appointed as a Director on 2 November 2018 and was redesignated as an executive Director and the chairman of the Company on 13 November 2019. Mr. Chan resigned on 28 March 2025. Mr. Chan founded the Group in December 2013. He is primarily responsible for formulating development strategies of the Group, establishing overall business, operation and management directions and project investment strategies, managing design centre, and human resources and administration centre of the Group.

Mr. Chan obtained a Bachelor of Commerce (major in Finance) in July 2011 from Griffith University in Australia. After graduation, he founded the Group in 2013, and has since then obtained over 10 years of experience in the real estate development industry. Mr. Chan was awarded “Real Estate Innovator in 2018” (“2018年度地產創新人物”) by China Times (《華夏時報》), and “New China’s Real Estate Leader of the Year” (“中國房地產年度新領軍人物”) by China International Real Estate & Architectural Technology Fair (CIHAF) (中國國際房地產與建築科技展覽會) in 2019.

Mr. LIU Huaxi (劉華錫), aged 50, was appointed as a Director on 24 May 2019 and was redesignated as an executive Director and the vice chairman of the Company on 13 November 2019. Mr. Liu joined the Group in May 2019. He is primarily responsible for managing investment centre, urban renewal work of the Group, and the subsidiaries of the Company in Hong Kong. He is a member of the Remuneration Committee and Nomination Committee.

Before joining the Group, Mr. Liu had been working in Agile Group Holdings Limited (3383.HK) (“**Agile Group**”) since 1995. He was responsible for project operation and development, hotel business, property management, human resources and administration management, capital market operation and management of Agile Foundation* (雅居樂公益基金會) in Guangdong Province (“**Agile Foundation**”). He left as the vice president of Agile Group Holdings Limited, and chairman of Agile Foundation in 2014. From August 2014 to April 2019, he worked in Zhongshan Yuelai Investment Holding Co., Ltd* (中山市悅來投資控股有限公司) (previously known as Zhongshan Yuelai Real Estate Investment Group Co., Ltd.*) as the vice chairman and executive president. He was responsible for the overall management of the company. C&L International Holdings Pty Ltd, a company in which Mr. Liu held 30% shareholding, completed the real estate project of Royal Como – 663-667 Chapel Street, South Yarra, Melbourne in Australia in 2018. He has over 28 years of experience in real estate development industry and senior management.

Mr. Liu graduated from Hohai University (河海大學) in the PRC in July 1995 majoring in Industrial Enterprise Management. He was named “Person of the Year” (年度影響力風雲人物) for 2015-2016 Zhongshan Zhuhai Jiangmen Real Estate Overall Rating (中珠江樓市總評榜) by Sohu and www.focus.cn in 2016.

Ms. ZHENG Catherine Wei Hong (alias 鄭紅) (previously known as Zheng Weihong, 鄭衛紅), aged 57, was appointed as a Director on 2 November 2018 and was redesignated as an executive Director of the Company on 13 November 2019. Ms. Zheng joined the Group in March 2014 and is now the president of the Group. She is primarily responsible for managing marketing centre of the Group, and the operating property management and hotel operations business of the subsidiaries of the Company.

Before joining the Group, Ms. Zheng worked in Agile Property Land Co., Ltd.* (雅居樂地產置業有限公司) as the assistant to president from 2001 to 2010, and in Guangzhou Panyu Agile Real Estate Development Co., Ltd.* (廣州番禺雅居樂房地產開發有限公司) as the general manager from 2010 to 2014. She was responsible for formulating medium-term to long-term development plan and regular operation plans based on the overall development plan of the company, managing the real estate projects, supervising the accomplishment of the operation targets and plans of the company and participating in marketing activities. Ms. Zheng has over 23 years of experience in the real estate development industry and senior management.

Ms. Zheng obtained a Master of Business Administration with Distinction in May 2001 from the University of Western Sydney in Australia. Ms. Zheng was awarded “Outstanding Female Entrepreneur of Guangdong Province” (廣東省優秀女企業家) by Guangdong Female Entrepreneur Association* (廣東省女企業家協會) in May 2013 and she has been the vice president of the Council Committee of Guangzhou Female Entrepreneur Association* (廣州市女企業家協會) since January 2012. She has been the vice president of the Council Committee of Guangzhou Panyu Nancun General Chamber* (廣州市番禺區南村總商會) from 2016 to 2024.

Mr. WU Xinping (吳新平), aged 60, was appointed as a Director on 2 November 2018 and was redesignated as an executive Director of the Company on 13 November 2019. Mr. Wu joined the Group in March 2017, and is now the vice president of the Group. He is primarily responsible for managing operation centre, procurement centre, design centre, engineering centre of the Group, Guangzhou Hongchuang Construction Co., Ltd.* (廣州市泓創建設有限公司) and Guangzhou Chuangyi Decoration Engineering Co., Ltd.* (廣州創藝裝飾工程有限公司).

Before joining the Group, Mr. Wu worked in Agile Property Land Co., Ltd.* (雅居樂地產置業有限公司) as the general manager of the Group Engineering Centre from 1999 to 2017. He was responsible for formulating medium-term to long-term development plan and regular operation plans based on the overall development plan of the company, supervising the real estate projects, and controlling the costs of the company. Mr. Wu has over 25 years of experience in the real estate development industry and senior management.

Mr. Wu graduated from Yangzhou University (揚州大學) in the PRC in October 1998 majoring in Economics Management. He received his licence as a senior engineer from the Human Resources Bureau of Nantong City* (南通市人事局) in the PRC in July 2003. He also became a member of the Chartered Institute of Building in March 2011.

Biographies of the Directors and Senior Management (Continued)

Independent non-executive Directors

Mr. MA Ching Nam, BBS, CStJ, J.P. (馬清楠), aged 72, was appointed as an independent non-executive Director of the Company on 13 November 2019. He is responsible for providing independent judgement on the Group's strategies, performance, resources and standard of conduct. Mr. Ma is the chairman of the Nomination Committee, and member of the Audit committee and the Remuneration Committee.

Mr. Ma obtained a degree of Bachelor of Science in Economics with honours from the University of Hull in July 1977. He was admitted as a solicitor in England and Wales, Hong Kong, Victoria (Australia) and Singapore. He is also a Notary Public, China Appointed Attesting Officer and Civil Celebrant of Marriages. Mr. Ma has been practicing law for over 42 years. He is currently a partner of Hastings & Co., Solicitors & Notaries.

Mr. Ma currently serves as director of Heptacontinental group of companies, Ma Kam Ming Company Limited, Ma's Enterprises Company Limited and Ma Kam Ming Charitable Foundation. He is also the independent non-executive director of EC Healthcare (formerly known as Union Medical Healthcare Limited) (2138.HK). Mr. Ma was the independent non-executive director of Time Watch Investments Limited (2033.HK) from 2013 to 2022.

Mr. Ma was the President of the Hong Kong Society of Notaries from 2007 to 2013. He was Chairman of Po Leung Kuk from 2019 to 2020 and now Advisor of Po Leung Kuk Advisory Board (2020-present). He was a member of Political and Consultative Conference in Hunan Province, the People's Republic of China from 2003 to 2017. He is a Visiting Professor of the China Agricultural University.

Mr. LEONG Chong (梁翔), aged 59, was appointed as an independent non-executive Director on 13 November 2019. He is responsible for providing independent judgment on the Group's strategies, performance, resources and standard of conduct. Mr. Leong is the chairman of the Remuneration Committee, and member of the Audit Committee and the Nomination Committee.

Before joining the Group, Mr. Leong worked as (i) construction analyst of the research department in Carr Indosuez Asia Group from 1994 to 1995, (ii) research analyst in ING Baring Securities (Hong Kong) Limited from 1995 to 1997, (iii) analyst and vice president in the equity research division of Morgan Stanley Dean Witter Asia Limited (摩根士丹利添惠亞洲有限公司) from 1997 to 2000, (iv) director in equity research department of Credit Suisse First Boston (Hong Kong) Limited from 2000 to 2001. Then, he joined Morgan Stanley Dean Witter Asia Limited (摩根士丹利添惠亞洲有限公司) and worked in the Morgan Stanley group of companies from 2002 to 2015. Prior to his departure, he was working in the capacity of a managing director in the investment banking division in Hong Kong. Since 2015 until 2019, he was the deputy general manager of S.F. Holding Co., Ltd.. Mr. Leong has over 30 years of experience in securities and investment industry and senior management. Currently, he is an independent non-executive director of Central China New Life Limited (9983.HK) and Longfor Group Holdings Limited (960.HK).

Mr. Leong obtained the degree of Bachelor of Arts with a major in Computer Science in December 1990 by University of California, Berkeley.

Mr. WU William Wai Leung (胡偉亮), aged 58, was appointed as an independent non-executive Director on 13 November 2019. He is responsible for providing independent judgment on the Group's strategies, performance, resources and standard of conduct. Mr. Wu is the chairman of the Audit Committee, and member of the Remuneration Committee and Nomination Committee.

Before joining the Group, Mr. Wu worked as (i) analyst and then associate in the corporate finance department of Marleau, Lemire Securities Inc., Canada from 1993 to 1995, (ii) business analyst of Salomon Brothers Hong Kong Limited from 1995 to 1996, (iii) assistant manager in the corporate finance division of Schroders Asia Limited from 1996 to 1998, (iv) manager and then senior manager from 1998 to 1999 in the equity capital markets department of BNP Equities Hong Kong Limited, (v) director of E2-Capital Limited and E2-Capital (HK) Limited from 1999 to 2001, and then head of equity capital markets and joint head of corporate finance of SBI E2-Capital Limited (joint venture between Softbank Investment and E2-Capital Group) from 2001 to 2002, (vi) employee of Sunwah Kingsway Capital Holdings Limited (188.HK) (previously known as SW Kingsway Capital Holdings Limited) from 2002 to 2011, with the titles of executive director and chief executive officer from 2006 to 2010 and strategy consultant from 2010 to 2011, (vii) chief executive officer of RHB Hong Kong Limited from 2011 to 2017 and (viii) executive director and chief executive officer of Minerva Group Holding Limited (397.HK) (previously known as Power Financial Group Limited) from 2017 to 2019 and (ix) managing director of investment banking at Glory Sun Securities Limited (previously known as China Goldjoy Securities Limited) (an indirect subsidiary of China Goldjoy Group Limited (1282. HK)) from 2019 to 2022. Currently, he is an independent non-executive director of Asia Allied Infrastructure Holdings Limited (711. HK) since 2015. He is also an independent director of DSS, Inc. (DSS-NYSE-Amer) (previously known as Document Security Systems, Inc.) since 2019, Alset Inc. (NASDAQ: AEI) (previously known as Alset EHome International Inc. and HF Enterprises Inc. (NASDAQ: HFEN)) since 2020 and HWH International Inc. (NASDAQ: HWH) (previously known as Alset Capital Acquisition Corp. Unit (NASDAQ: ACAXU)) since 2022. He is also the director of Hong Kong-ASEAN Economic Cooperation Foundation Limited, and Monte Jade Science and Technology Association of Hong Kong Limited. Mr. Wu has over 30 years of experience in financial industry and senior management.

Mr. Wu graduated from Simon Fraser University, Vancouver, BC, Canada with a degree of Bachelor in Business Administration in October 1990, and a degree of Master in Business Administration in June 1993. He became the chartered financial analyst designated by The Institute of Chartered Financial Analysts in September 1996.

Mr. Wu has been a member of Guangxi Zhuang Autonomous Region Committee of the Chinese People's Political Consultative Conference from 2013 to 2022. He is also the life chairman of HK Guangxi Chamber of Commerce Limited.

Senior Management

Ms. Yu Jiafeng (余嘉鳳), aged 51, is the general manager of finance centre of the Group. Ms. Yu joined the Group in April 2022. She is primarily responsible for overseeing the capital management and financial management of the Group, including profit forecast and analysis and taxation management.

Before joining the Group, Ms. Yu initially worked at the Zhongshan branch of the Bank of China from 1994 to 2001, where she served as the office director of the Sanxiang sub-branch before her departure. Subsequently, from 2001 to 2022, she held various positions successively in Agile Group, including the head of the capital management department and the head of the finance centre of the real estate group, and was the head of finance for the South China region before her departure.

Ms. Yu graduated from Sun Yat-sen School* (孫文學院) of Sun Yat-sen University in July 1994, majoring in Chinese Secretary, Department of Chinese Literature, and further graduated from University of Electronic Science and Technology of China in June 2013 through online education, majoring in Financial Management.

Biographies of the Directors and Senior Management (Continued)

Mr. LAN Chiyuan (藍熾源), aged 46, is the vice president of the Group. He joined the Group in May 2014. He is primarily responsible for the work of design centre and investment promotion centre of the Group.

Before joining the Group, Mr. Lan first worked as the chief designer in Foshan Jianyi Jianzhu Design Institute Co., Ltd.* (佛山市建藝建築設計院有限公司) from 2001 to 2007. He then worked as the assistant to general manager and head of Foshan branch of Guangdong Yuejian Design & Research Institute Co., Ltd.* (廣東粵建設計研究院有限公司佛山分公司) from 2007 to 2010.

He then worked as manager in the design department of Agile Group from 2010 to 2014. He was responsible for the technical guidance and design management and daily management of the department.

Mr. Lan graduated from Guangzhou University in July 2001 majoring in Building Construction. He further received the certificate of architectural design engineer (intermediate) in the PRC issued by the Ministry of Human Resources of Meizhou City of the PRC in February 2009.

Ms. WAI Ching Sum (衛靜心), aged 57, is the deputy general manager and company secretary of the Group. She joined the Group in August 2017. Ms. Wai is primarily responsible for corporate governance and corporate affairs of the Group.

Before joining the Group, Ms. Wai worked in various group companies of UDL Management Limited from 1996 to 1999. She left the group as the company secretary. She then worked as the company secretary of (i) COSCO International Holdings Limited (currently known as COSCO SHIPPING International (Hong Kong) Co., Ltd.) (517. HK) from 1999 to 2005 and (ii) Agile Group from 2005 to 2014. Ms. Wai was an executive director and the financial director of Sumpo Food Holdings Limited (currently known as Leyou Technologies Holdings Limited) (before delisting in HKEx: 1089.HK) from 2014 to 2015. From 2015 to 2017, she was the company secretary of Pacific Century Group Holdings (HK) Limited, an investment management company. Ms. Wai has over 27 years of experience in senior management and provision of company secretarial services to private and listed companies.

Ms. Wai obtained a Master of Science in Financial Economics, through long distance learning, in December 1997 from University of London, the United Kingdom, and a Master of Laws in Chinese Comparative Law in November 2002 from the City University of Hong Kong. She was admitted as a fellow member of The Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries and Administrators (currently known as The Hong Kong Chartered Governance Institute) in June 2002.

Directors' Report

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

Principal Activities

The Company is an investment holding company and the principal activities of the Group are property development and sales, hotel operations, property management and commercial property investment in the PRC. Particulars of the principal activities of the Company's subsidiaries are set out in note 36 to the consolidated financial statements of the Group. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2024.

Business Review

A business review of the Group for the year ended 31 December 2024 and its future development are set out in the chairman's statement from page 30 to page 34 and management discussion and analysis from page 35 to page 41 of this annual report.

Results

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of comprehensive income on page 94 of this annual report.

Dividend

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

Annual General Meeting

The AGM will be held on Thursday, 5 June 2025. The AGM Notice will be published and despatched to the Shareholders in accordance with the requirements of the Listing Rules in April 2025.

Closure of Register of Members

For determining the entitlement of the Shareholders to attend and vote at the AGM, the Hong Kong register of members of the Company will be closed from Monday, 2 June 2025 to Thursday, 5 June 2025 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to determine the identity of members who are entitled to attend and vote at the AGM, all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 30 May 2025.

Donations

Charitable and other donations made by the Group for the year ended 31 December 2024 amounted to approximately RMB10,000 (2023: RMB7,000).

Reserves and Distributable Reserves of the Company

Movements in the reserves of the Group and the Company during the year ended 31 December 2024 are set out in the consolidated statement of changes in equity on page 97 of this annual report and note 37 to the consolidated financial statements respectively.

As at 31 December 2024, the Company's reserves available for distribution to equity shareholders in accordance with its articles of association and the laws of the Cayman Islands amounted to approximately RMB926.9 million.

Material Acquisitions and Disposals

Save as disclosed in the section headed "Management Discussion and Analysis – Significant investments, major acquisitions and disposals" in this annual report, during the year ended 31 December 2024 and up to the date of this annual report, the Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

Borrowings

Details of the Group's borrowings as at 31 December 2024 are set out in note 29 to the consolidated financial statements.

Share Capital

Details of the movements in the issued share capital of the Company for the year ended 31 December 2024 are set out in note 27 to the consolidated financial statements.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Articles and the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

Major Customers and Suppliers

Sales to the Group's five largest customers accounted for less than 25% of the Group's total revenue for the year. During the year ended 31 December 2024, the aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 24.5% of the Group's total purchases and the purchases attributable to the Group's largest supplier accounted for approximately 9.7% of the Group's total purchases.

To the best knowledge of the Directors, none of the Directors, their respective close associates or any Shareholder who owns more than 5% of the issued share capital (excluding treasury shares) of the Company had any interest in any of the five largest customers and suppliers of the Group during the year ended 31 December 2024.

Relationship with Stakeholders

The Group recognises that the employees, customers and suppliers are the keys to corporate sustainability and is keen on developing long-term relationships with stakeholders. The Company places significant emphasis on human capital and strives to foster an environment in which the employees can develop their full potential and to assist their personal and professional growth. The Company provides a fair and safe workplace, promoting diversity to its staff, providing competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts on-going efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions. The Company understands that it is important to maintain good relationship with customers. The Group is also dedicated to developing good relationship with suppliers as long-term business partners to ensure stable supplies of materials. The Group reinforces business partnerships with suppliers and contractors by recurring communication in a proactive and effective manner so as to ensure quality and delivery.

Directors

The Directors during the year ended 31 December 2024 and up to the date of this annual report are as follows:

Executive Directors

Mr. CHAN Sze Ming Michael (*Chairman*) (resigned on 28 March 2025)

Mr. LIU Huaxi (*Vice-Chairman*)

Ms. ZHENG Catherine Wei Hong

Mr. WU Xinping

Ms. WEI Miaochang (resigned on 30 June 2024)

Independent non-executive Directors

Mr. MA Ching Nam

Mr. LEONG Chong

Mr. WU William Wai Leung

Pursuant to Article 83(3) of the Articles, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office until the first annual general meeting after his/her appointment and be subject to re-election of such meeting. According to Article 84(2) of the Articles, any Director appointed pursuant to Article 83(3) of the Articles shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Pursuant to Article 84(1) of the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years and shall then be eligible for re-election.

Directors' Report (Continued)

Directors (continued)

In accordance with Article 84(1) of the Articles and the CG Code contained in Appendix C1 to the Listing Rules, Mr. WU Xinping and Mr. LEONG Chong will retire by rotation, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Directors' Service Contracts and Letters of Appointment

Each of the executive Directors has entered into a service contract with the Company of an initial term (the “**Initial Term**”) commencing from the Listing Date until and including the date of the third annual general meeting (or if such meeting adjourned, the adjourned meeting), which may be terminated by not less than three months' notice in writing served by either party on the other. Subject to the approval from the Shareholders for re-election of the Director as a director of the Company and in accordance with the Listing Rules, the Articles and the employment agreement with the Company, the Initial Term shall be automatically renewed for such further period commencing from the expiry date of the Initial Term or subsequent renewal term(s) thereof (as the case may be) to and including the date of the third annual general meeting (or if such meeting adjourned, the adjourned meeting) following such expiry date, which may be terminated by not less than three months' prior notice in writing served by either party on the other.

Each of the independent non-executive Directors was appointed by the Company for a term of three years commencing from 5 December 2022 in accordance with their respective letters of appointment with the Company, which may be terminated by not less than three months' notice in writing served by either party on the other.

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

Independence of Independent Non-Executive Directors

The Board considers all the independent non-executive Directors to be independent in accordance with Rule 3.13 of the Listing Rules.

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 notes 10 and 38 to the consolidated financial statements of the Group in this annual report.

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

Directors' Interests in Competing Business

Mr. LIU Huaxi currently holds interests in the entities which operate property development and property management in Zhongshan, the PRC (the **"Zhongshan Business"**).

Set out below are the interests of Mr. LIU Huaxi in the Zhongshan Business (save for the intermediary holding companies) which may potentially compete with the Group's businesses for the purpose of Rule 8.10(2) of the Listing Rules during the year ended 31 December 2024:

Company name	Business nature	Interest
Zhongshan Yuelai Investment Holding Co., Ltd* (中山市悅來投資控股有限公司) (previously known as Zhongshan Yuelai Real Estate Investment Group Co., Ltd.*) ("Zhongshan Yuelai")	Investment holding	Direct 50% interest in this company
Zhongshan Yingfuda Real Estate Development Co., Ltd.* (中山市盈富達房地產開發有限公司)	Property development	Indirect interest through Zhongshan Yuelai which indirectly wholly owns this company
Zhongshan Yueying Property Management Co., Ltd.* (中山市悅盈物業管理有限公司)	Property management	Indirect interest through Zhongshan Yuelai which owns 15% interest in this company

Save as disclosed above, as at 31 December 2024, so far as known to the Directors and chief executive of the Company, none of the Controlling Shareholders or the Directors was engaged or had interest in any business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

Continuing Disclosure Obligation Under Rule 13.21 of the Listing Rules

On 29 December 2022, the Company as borrower, Hang Seng Bank Limited as agent (the **"Agent"**) and certain other financial institutions as lenders, among others, entered into a facility agreement (the **"Facility Agreement"**) in relation to certain term loan facilities in the aggregate principal amount of HK\$517,470,000 (the **"Facilities"**) for a term of 36 months from the date of the Facility Agreement subject to the terms and conditions as set out therein.

Pursuant to the Facility Agreement, if (a) the family trust of Mr. CHAN Sze Ming Michael (**"Mr. Chan"**) ceases to beneficially own directly or indirectly more than 50% of the issued shares in or control the Company; or (b) Mr. Chan ceases to remain or continue to act as chairman and executive director of the Company or to maintain control over the management and business of the Company and its subsidiaries, (i) the Company shall promptly notify the Agent upon becoming aware of that event; (ii) lenders shall not be obliged to fund the utilisation; and (iii) the Facilities will be immediately and automatically cancelled and all outstanding loans together with accrued interest and all other amounts accrued or outstanding under the finance documents will become immediately due and payable within ten days of demand by the Agent.

Compliance With Non-Competition Undertakings

Deed of Non-Competition

Each of the Company's Controlling Shareholders, namely, Sze Ming Limited and Mr. CHAN Sze Ming Michael (together, the "**Covenantors**"), has entered into the deed of non-competition on 13 November 2019, pursuant to which each of the Covenantors has given an irrevocable non-competition undertaking in favor of the Company namely, each of the Covenantors has, among other matters, irrevocably undertaken and covenanted with the Company that at any time during the Relevant Period (as defined below), each of the Covenantors shall directly or indirectly, and shall procure that their close associates and entities or companies controlled by them or their close associates (other than the Group) shall:

- (a) not be engaged, interested or otherwise involved, directly or indirectly, in any business in any form or manner which is, directly or indirectly, in competition with the business that the Group carries out that includes property development and sales, hotel operations, property management and commercial property investment in the PRC (including but not limited to Guangdong, Hainan, Yunnan and Hunan provinces) and any business in any form or manner that is or is likely to be in competition with that of any member of the Group or the Group as a whole from time to time (excluding, for the avoidance of doubt, sales and purchases of properties by the Covenantor for personal residential and/or investment purpose(s) from time to time) (the "**Restricted Activity(ies)**");
- (b) not directly or indirectly solicit, interfere with or endeavor to entice any person, firm, company or organisation, who to his/its knowledge is from time to time or has been, at any time within the immediate past two years before the date of the Prospectus, a customer, supplier, distributor, director, consultant or employee of the Group, away from the Group;
- (c) not at any time employ any person who has been a director, manager, employee of or consultant to the Group who is or may be likely to be in possession of any confidential information or trade secrets relating to any business of the Group; and
- (d) not directly or indirectly solicit or persuade any person who has dealt with the Group or is in the process of negotiating with the Group in relation to any Restricted Activity, or cease to deal with the Group or reduce the amount of business which the person would normally do with the Group.

Notwithstanding the undertakings under (a) to (d) above, nothing shall restrict any of the Covenantors from acquiring or holding interests in equity securities issued by any company engaged in any Restricted Activity provided that each of them (individually or together) will not directly or indirectly own more than 5% of the total issued share capital of such company or control the exercise of more than 5% of the voting rights thereof or control the composition of the board of directors of such company and that the business and assets of the aforesaid company relating thereto account for less than 5% of the relevant company's consolidated turnover and consolidated assets, respectively, as shown in that company's latest audited consolidated accounts.

Compliance With Non-Competition Undertakings (continued)

Deed of Non-Competition (continued)

For the above purpose, the "Relevant Period" means the period commencing from the Listing Date and shall expire on the earlier of the dates below:

- (i) the date on which the Covenantors and his/its close associates (individually or taken as a whole) cease to own 30% or more of the then issued Share capital of the Company directly or indirectly or cease to be the Controlling Shareholders of the Company for the purpose of the Listing Rules and do not have power to control the Board; and
- (ii) the date on which the Shares cease to be listed on the Stock Exchange.

Annual Review

The Covenantors have confirmed that they did not refer, or to procure the referral of, any investment or commercial opportunities relating to the Restricted Activities to the Group during the year ended 31 December 2024.

The Company has received a confirmation from each of the Covenantors in respect of the compliance by them and their close associates with the terms of the deed of non-competition.

The independent non-executive Directors have reviewed the deed of non-competition and assessed whether the Covenantors and their close associates have complied with the terms of the deed of non-competition, and were satisfied that each of the Covenantors has complied with its/his undertakings under the deed of non-competition during the year ended 31 December 2024.

Changes in Directors' Information

Subsequent to the date of the 2024 interim report of the Company and as at the date of this report, there is no change in Directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Connected Transactions

During the year ended 31 December 2024, the Group has not entered into any connected transaction or continuing connected transaction which is required to be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules.

Related Party Transactions

Details of the related party transactions undertaken in the usual course of business are set out in note 35 to the consolidated financial statements of the Group in this annual report. Save for item (iii) in note 35 (b) which was a fully – exempted connected transaction, none of the related party transactions constituted connected transaction or continuing connected transaction under the Listing Rules. The Company has complied with the applicable disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Directors' and Controlling Shareholders' Interests in Transaction, Arrangement or Contract

Other than those transactions disclosed in note 35 to the consolidated financial statements of the Group in this annual report and in paragraphs headed "Directors' Interests in Competing Business" and "Connected Transactions" in this section, no Director or an entity connected with a Director, or Controlling Shareholder of the Company or any of its subsidiaries has any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the Group's business (including any contract of significance for the provision of services to the Company or any of its subsidiaries) to which the Company, any of its subsidiaries, fellow subsidiaries or its parent companies were a party subsisted at the end of the year or at any time during the year ended 31 December 2024.

Principal Risks and Uncertainties

Principal risks and uncertainties facing the Group include, among others, that:

- (i) the Group's business is subject to extensive governmental regulation and is sensitive to property purchase restriction policy (if any) and other policy changes particularly in Guangdong, Hainan, Jiangsu, Yunnan and Hunan provinces;
- (ii) the Group's business and prospects depend heavily on the economic conditions in the PRC and the performance of the PRC property markets, particularly in Guangdong, Hainan, Jiangsu, Yunnan and Hunan provinces;
- (iii) the Group may not be able to acquire land in desirable locations that are suitable for the Group's development at commercially acceptable prices or at all;
- (iv) the Group may be subject to fines or sanctions by the PRC government if the Group fails to pay land grant premium or fails to develop properties according to the terms of the land grant contracts;
- (v) the Group's cash inflow from and results of operation may vary significantly from period to period and such fluctuations may make it difficult to predict the Group's future performance and price of the Shares; and
- (vi) the Group may not be able to obtain sufficient funding for the Group's land acquisitions and future property developments whether through bank loans or other arrangements on commercially reasonable terms, or at all.

Compliance with Laws and Regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations which have a significant impact to the Group. As at the date of this annual report, except as disclosed in this annual report, the Group complied with, in all material respects, all the applicable and relevant PRC laws and regulations governing the business of property development and management and the Group has obtained all licenses, permits and certificates for the purpose of operating its business.

As at the date of this annual report, the Company's associates are not involved in and the Board is not aware of any non-compliance incidents that might materially adversely affect the value of the Company's interest in them.

Share Option Scheme

The Company approved and adopted the Share Option Scheme on 13 November 2019.

Details of the Share Option Scheme

(a) Purpose

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and services providers of the Group and to promote the success of the business of the Group.

(b) Who may join and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, options to subscribe at a price calculated in accordance with paragraph (c) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group. The Directors are aware that from 1 January 2023, options may only be made to those that are eligible participants as defined in the amended Chapter 17 of the Listing Rules among the eligible participants currently under the terms of the Share Option Scheme.

(c) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided that for the purpose of calculating the subscription price, where the Company has been listed on the Stock Exchange for less than five Business Days, the new issue price shall be used as the closing price for any Business Day fall within the period before listing.

(d) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00.

Share Option Scheme (continued)

Details of the Share Option Scheme (continued)

(e) Maximum number of Shares

- (i) Subject to sub-paragraphs (ii) and (iii) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date. Therefore, the Company may grant options in respect of up to 160,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 160,000,000 Shares from time to time) to the participants under the Share Option Scheme. The maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme represents (A) 10% of the total number of issued Shares as at 5 December 2019, being the Listing Date, or (B) approximately 9.7% of the total number of issued Shares as at the date of this annual report.
- (ii) The 10% limit as mentioned above may be refreshed at any time by obtaining approval of the Shareholders in general meeting provided that the total number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to the Shareholders containing the information as required under the Listing Rules in this regard.
- (iii) The Company may seek separate approval of the Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to the Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose, and such other information required under the Listing Rules.
- (iv) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in such 30% limit being exceeded.

Share Option Scheme (continued)

Details of the Share Option Scheme (continued)

(f) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such 1% limit must be separately approved by the Shareholders in general meeting with such grantee and his close associates (or his associates if the grantee is a connected person) abstaining from voting. In such event, the Company must send a circular to the Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted) to such grantee, and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted to such grantee must be fixed before the approval of the Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(g) Grant of options to a Director, chief executive or substantial Shareholder, or any of their respective associates

- (i) Notwithstanding the aforesaid, any grant of an option to a Director, chief executive or substantial Shareholder (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the option).
- (ii) Where any grant of options to a substantial Shareholder or an independent non-executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of the Company in any 12-month period up to and including the date of grant:
 - (a) representing in aggregate over 0.1% of the Shares in issue; and
 - (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options is required to be approved by the Shareholders at a general meeting of the Company, with voting to be taken by way of poll. The Company shall send a circular to the Shareholders containing all information as required under the Listing Rules in this regard. The grantee, his associates and all core connected persons of the Company must abstain from voting (except where any connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates is also required to be approved by the Shareholders in the aforesaid manner.

Share Option Scheme (continued)

Details of the Share Option Scheme (continued)

(h) Restrictions on the time of grant of options

- (i) An offer for the grant of options may not be made after any inside information (as defined in the SFO) has come to the knowledge of the Company until (and including) the trading day after such inside information has been announced pursuant to the requirements of the Listing Rules and the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:
 - (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
 - (b) the deadline for the Company to publish an announcement of the results for any year, half-year or quarterly under the Listing Rules, or other interim period (whether or not required under the Listing Rules);and ending on the date of the results announcement.
- (ii) Further to the restrictions in paragraph (i) above, no option may be granted to a Director on any day on which financial results of the Company are published and:
 - (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
 - (b) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof. No minimum period for which an option must be held before the exercise of any option save as determined by the Board and provided in the offer of the grant of the relevant options.

(j) Performance targets

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

Share Option Scheme (continued)

Details of the Share Option Scheme (continued)

(k) Ranking of Shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of the Company as the holder thereof.

(l) Rights are personal to grantee

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

(m) Rights on cessation of employment by death

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (n) below arises within a period of three years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (q), (r) and (s) occurs prior to his death or within such period of 12 months following his death, then his personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(n) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of the Group at the date of grant and he subsequently ceases to be an employee of the Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Group, his option (to the extent not already exercised) shall lapse automatically on the date of cessation of his employment with the Group.

(o) Rights on cessation of employment for other reasons

In the event that the grantee is an employee of the Group at the date of grant and he subsequently ceases to be an employee of the Group for any reason other than his death or the termination of his employment on one or more of the grounds specified in (n) above, the option (to the extent not already exercised) shall lapse on the expiry of three months after the date of cessation of such employment (which date will be the last actual working day with the Company or the relevant member of the Group whether salary is paid in lieu of notice or not).

Share Option Scheme (continued)

Details of the Share Option Scheme (continued)

(p) Effects of alterations to share capital

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which any member of the Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised and/or the subscription prices, as the auditors of or independent financial adviser to the Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time (no such certification is required in case of adjustment made on a capitalisation issue), provided that any alteration shall give a grantee the same proportion of the issued share capital of the Company as that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(q) Rights on a general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all the Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(r) Rights on winding-up

In the event a notice is given by the Company to the members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee credited as fully paid.

Share Option Scheme (continued)

Details of the Share Option Scheme (continued)

(s) Rights on compromise or arrangement

In the event of a compromise or arrangement between the Company and the Shareholders or the creditors of the Company being proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies pursuant to the Companies Act, the Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representative(s)) on the same day as it gives notice of the meeting to the Shareholders or the creditors to consider such compromise or arrangement and the options (to the extent not already exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement ("**Suspension Date**"), by giving notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees (or, as the case may be, their legal personal representative(s)) to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees (or, as the case may be, their legal personal representative(s)) to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of the Company or any of its officers.

(t) Lapse of options

An option shall lapse automatically on the earliest of:

- (i) the expiry of the period referred to in paragraph (i) above;
- (ii) the date on which the Board exercises the Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (l);
- (iii) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (m), (o), (q), (r) or (s) above;
- (iv) the date of the commencement of the winding-up of the Company;

Share Option Scheme (continued)

Details of the Share Option Scheme (continued)

(t) Lapse of options (continued)

- (v) the occurrence of any serious misconduct, act of bankruptcy, insolvency or entering into of any arrangements or compromises with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;
- (vi) where the grantee is only a substantial shareholder of any member of the Group, the date on which the grantee ceases to be a substantial shareholder of such member of the Group; or
- (vii) subject to the compromise or arrangement as referred to in paragraph (s) above becomes effective, the date on which such compromise or arrangement becomes effective.

(u) Cancellation of options granted but not yet exercised

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion see fit and in a manner that complies with all applicable legal requirements for such cancellation.

(v) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing from the Adoption Date (i.e. 13 November 2019) and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof (i.e. 12 November 2029) unless terminated earlier by the Shareholders in general meeting.

(w) Alteration to the Share Option Scheme

- (i) The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 17.03 of the Listing Rules shall not be made except with the prior approval of the Shareholders in general meeting.
- (ii) Any alternation to the terms of the Share Option Scheme which is of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the Share Option Scheme must be approved by the Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (iii) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of the Listing Rules and the notes thereto and the supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time.

Share Option Scheme (continued)

Details of the Share Option Scheme (continued)

(x) Termination to the Share Option Scheme

The Company by resolution in general meeting or by resolution of the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

Detail of the Option Granted

No option has been granted or agreed to be granted under the Share Option Scheme since the Adoption Date, and therefore there was no outstanding option as at 31 December 2024.

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations

As at 31 December 2024, the interests and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be and/or were recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations (continued)

Long position in the ordinary Shares of the Company

Name of Director	Nature of interest	Number of ordinary Shares held or interest in the Company	Approximate percentage of issued share capital of the Company ⁽²⁾
Mr. CHAN Sze Ming Michael (resigned on 28 March 2025)	Founder of a discretionary trust ⁽¹⁾	1,200,000,000	72.9%

Notes:

(1) These Shares are held by Sze Ming Limited. The entire issued capital of Sze Ming Limited is held by IQ EQ (BVI) Limited as trustee of The Phoenix Trust (previous named Chan S.M. Michael Family Trust), a discretionary trust with Mr. CHAN Sze Ming Michael as settlor and protector and established in accordance with the laws of the BVI. There are certain discretionary beneficiaries including siblings and descendants of Mr. CHAN Sze Ming Michael and descendants of his siblings. Mr. CHAN Sze Ming Michael is taken to be interested in these Shares held by Sze Ming Limited pursuant to the SFO.

(2) The calculation is based on the total number of issued ordinary Shares of 1,646,173,000 shares as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, so far as known to the Directors and chief executive of the Company, none of the Directors or the chief executive of the Company had interests and/or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be and/or were recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' and Chief Executive's Rights to Acquire Shares or Debentures

Other than the Share Option Scheme, at no time during the year ended 31 December 2024 and up to the date of this annual report was the Company or any of its subsidiaries, holding companies, or any of the subsidiary undertakings (within the meaning of the Companies (Directors' Report) Regulation) of such holding companies a party to any arrangements whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Save as disclosed in this annual report, none of the Directors and chief executive of the Company (including their spouses and children under the age of 18) had any interests in or was granted any right to subscribe for the securities of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares

As at 31 December 2024, the following persons or corporations (other than the Directors and chief executive of the Company) who had interests and/or short positions in the shares or underlying shares of the Company which would be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Nature of interest	Number of ordinary Shares held or interest in the Company	Approximate percentage of issued share capital of the Company ⁽⁴⁾
IQ EQ (BVI) Limited	Trustee of a discretionary trust	1,200,000,000 ⁽²⁾	72.9%
Sze Ming Limited	Beneficial owner	1,200,000,000 ⁽²⁾	72.9%
Ms. SHUM Wing Yin	Interest of spouse	1,200,000,000 ⁽³⁾	72.9%

Notes:

- (1) All interests stated are long positions.
- (2) These Shares are held by Sze Ming Limited. The entire issued capital of Sze Ming Limited is held by IQ EQ (BVI) Limited as trustee of The Phoenix Trust (previous named Chan S.M. Michael Family Trust), a discretionary trust with Mr. CHAN Sze Ming Michael as settlor and protector and established in accordance with the laws of the BVI. There are certain discretionary beneficiaries including siblings and descendants of Mr. CHAN Sze Ming Michael and descendants of his siblings. Mr. CHAN Sze Ming Michael is taken to be interested in these Shares held by Sze Ming Limited pursuant to the SFO. Mr. CHAN Sze Ming Michael is the sole director of Sze Ming Limited.
- (3) Ms. SHUM Wing Yin is the spouse of Mr. CHAN Sze Ming Michael, and is deemed to be interested in the Shares which are interested by Mr. CHAN Sze Ming Michael under the SFO.
- (4) The calculation is based on the total number of issued ordinary Shares of 1,646,173,000 shares as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, so far as known to the Directors and chief executive of the Company, there was no person or corporation (other than the Directors and chief executives of the Company) who had interests and/or short positions in the shares or underlying shares of the Company which would be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO.

Equity-Linked Agreements

No equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the year ended 31 December 2024 or subsisted as at 31 December 2024.

Shares and Debentures Issued

On 11 January 2024, the Company issued the senior notes with nominal interest rate 9.5% due 9 January 2025 in an aggregate principal amount of US\$159,284,612, representing 100% exchange offer of the senior notes that were due 11 January 2024. Save as disclosed, no Shares, equity securities or debentures were issued, and there was no sale of treasury Shares for cash by the Company, during the year ended 31 December 2024.

Tax Relief

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holdings of the Company's securities.

Management Contracts

No contracts concerning the management and administration of the whole or substantial part of the business of the Group were entered into or existed during the year ended 31 December 2024.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended 31 December 2024.

Retirement Benefits Schemes

Details of the retirement benefits schemes participated by the Group are set out in note 10 to the consolidated financial statements.

Directors and Senior Management

Particulars of the Directors and senior management of the Company are set out on pages 42 to 46 of this annual report.

Corporate Governance

Principal corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" in this annual report.

Audit Committee

The Audit Committee consists of three members, namely Mr. WU William Wai Leung, Mr. MA Ching Nam and Mr. LEONG Chong, each of whom is an independent non-executive Director. The chairman of the Audit Committee is Mr. WU William Wai Leung who possesses appropriate accounting and related financial management expertise. The Audit Committee has considered and reviewed the Group's audited annual results for the year ended 31 December 2024, the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit Committee considers that the audited annual financial results for the year ended 31 December 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made. The Audit Committee has, in conjunction with the external auditor of the Company, D & Partners CPA Limited, reviewed the consolidated financial statements for the year ended 31 December 2024, including the accounting policies of the Group.

Employees and Remuneration Policies

As at 31 December 2024, the Group had a total of 552 employees (2023: 743 employees). For the year ended 31 December 2024, the Group has recognised staff costs of RMB91.1 million (2023: RMB102.1 million). The Group has provided employees with salaries and benefits that, in its opinion, were competitive with market standards and regularly reviewed the remuneration policies based on employees' contributions and industry standards. The Company maintains a share option scheme for the purpose of providing incentives and rewards to the participants for their contribution to the Group. The Group has also contributed to medical insurance, pension insurance, maternity insurance, unemployment insurance, work-related injury insurance and housing provident funds for our employees and paid relevant insurance premiums. In addition, the Group is committed to cultivating all-level skilled employees. The Group has provided training programs based on the positions and expertise of our employees to enhance their understanding and apprehension of the property industry and related fields. Besides internal training, the Group has also engaged external experts to provide training courses for its employees from time to time. Details of the Share Option Scheme are set out in the section headed "Directors' Report – Share Option Scheme". The Group regularly reviews and determines the remuneration and compensation package of the Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group.

Under the applicable PRC laws and regulations, the Group is subject to social insurance contribution plans.

Basis for Determining Emoluments to Directors

Apart from taking into account the advice from the Remuneration Committee and the market levels, the Company also considers the competency, contributions and the responsibilities towards the Company in determining the level of remuneration for each Director. Appropriate benefit schemes are in place for the Directors.

Indemnity and Insurance Provisions

The Articles provide that the Directors, managing directors, alternate Directors, auditors, secretary and other officers for the time being of the Company and the trustees for the time being acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts. The Company has arranged appropriate directors and officers liability insurance in respect of legal action against Directors.

Significant Event After the Reporting Period

Issuance of US\$174,332,581 9.5% senior bonds due 2026

On 7 January 2025, the Company issued the New Senior Notes with nominal interest rate 9.5% due 6 January 2026 in an aggregate principal amount of US\$174,332,581. The issuance of the New Senior Notes included an exchange offer of the senior notes due on 9 January 2025 amounting to US\$159,284,612 and capitalised interest accrued and unpaid. The New Senior Notes are wholly held by certain relatives of Mr. Chan Sze Ming Michael, an executive Director and the chairman of the Company. The aforesaid persons are connected persons (as defined under the Listing Rules) of the Company.

Subsequent defaulted borrowings

Subsequent to 31 December 2024, the Group failed to settle certain borrowings with aggregated principal amount of RMB544 million and breached certain of the terms of the bank loan, which are primarily related to an asset under forced auction by court, of RMB211 million (the "**Subsequent Defaulted Borrowings**"). Such overdue amount also form part of the defaulted and cross defaulted borrowings mentioned above.

Directors' Report (Continued)

Assets under forced auction by the court

One of the subsidiaries of the Group failed to repay a loan from a third party, resulting one of the villa in the completed properties held for sale with a carrying amount of RMB3.8 million and one of the buildings (a hotel located in Just Stay Resort, No. 288 Yuquan Avenue, Conghua District, Guangzhou City, Guangdong Province, the PRC) in the property, plant and equipment with a carrying amount of RMB163 million as at 31 December 2024 being subject to forced auction by the court on 15 January 2025. The management considered that the fair value of the villa is RMB4.5 million with no impairment required and the fair value of the hotel will be impaired to RMB130 million due to the forced auction, resulting in a potential loss of RMB33 million on the asset.

Director's Resignation

On 28 March 2025, Mr. Chan Sze Ming Michael resigned as the Chairman and the Executive Director of the Company.

Except the above, no significant events affecting the Group had occurred during the period from 1 January 2025 to the date of this annual report.

Public Float

Rule 8.08 of the Listing Rules requires there to be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities to be maintained. This normally means that at least 25% of the issuer's total issued share capital must at all times be held by the public. Based on the information that is publicly available to the Company and within the knowledge of the Directors as at 21 April 2025, being the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float as required under the Listing Rules.

Auditor

PricewaterhouseCoopers resigned as auditor of the Company with effect from 15 July 2024. D & Partners CPA Limited was appointed as auditor of the Company with effect from 15 July 2024.

The consolidated financial statements for the year ended 31 December 2024 have been audited by D & Partners CPA Limited who shall retire at the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of the auditor will be proposed at the AGM.

Environmental Policies

The Group is committed to implementing policies in environmental protection in order to conserve natural resources. The Group strives to minimise the Group's environmental impact through reducing electricity and water consumption and encouraging recycling of office supplies and other materials. The Group is also committed to ensuring that the Group is in strict compliance with the applicable environmental laws and regulations of the relevant jurisdictions.

As at 31 December 2024, the Group did not encounter any material issues in passing inspections conducted by the relevant environmental protection authorities upon completion of the properties. During the year ended 31 December 2024 and up to the date of this annual report, no material fines or penalties were imposed on the Group for non-compliance of PRC environmental laws and regulations. As at the date of this annual report, the Group had obtained all required approvals in relation to the environmental impact reports, where applicable, for the projects of the Group under development.

Please refer to the Environmental, Social and Governance Report of the Group published by the Company.

Health and Safety

The Group is committed to the health and safety of our employees and provides a safe and effective working environment. The Group pledges full compliance with all occupational health and safety legislation. The Group values the health and well-being of the employees.

During the year ended 31 December 2024 and up to the date of this annual report, the Group did not encounter any material safety accident, and there were no material claims for personal or property damages and no material compensation was paid to employees in respect of claims for personal or property damages related to safety accident.

Social Responsibility

The Group has entered into employment contracts with its employees in accordance with the applicable PRC and Hong Kong laws and regulations.

The Group maintains social welfare insurance for its full-time employees in the PRC and Hong Kong, including pension insurance, medical insurance, personal injury insurance, unemployment insurance and maternity insurance, in accordance with the relevant PRC and Hong Kong laws and regulations.

Development and Training

The Group is committed to the professional and personal development and growth of employees and considers development and training as a continual process. The Group offers and encourages employees at all levels to participate in various internal and external courses in order to promote the advancement of their job-related skills. The Group's employees are provided with fair opportunities for adequate learning, training and promotions.

Relationship with Customers and Suppliers

The Group maintains a solid and steady relationship with its customers and provides products which satisfy their needs and requirements. The Group enhances the relationship by continuous interaction with customers to gain insights on market demand and consumer needs so that the Group could respond proactively. The Group also maintains a close relationship with its suppliers. This leads to a high degree of cooperative development and enables the Group to deliver the high-quality solutions as required and expected by the Group's customers.

Professional Tax Advice Recommended

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercised of any rights in relation to the Shares, they are advised to consult an expert.

On behalf of the Board

JY Grandmark Holdings Limited

CHAN Sze Ming Michael

Chairman

Guangzhou, the PRC, 26 March 2025

Corporate Governance Report

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Group as it believes that an effective corporate governance framework is fundamental to promoting and safeguarding interests of Shareholders and other stakeholders and enhancing shareholder value.

Accordingly, the Company has adopted the CG Code as its own code on corporate governance. It also adopts sound corporate governance principles that emphasise a quality Board, effective risk management and internal control, stringent compliance practices and transparency and accountability to all stakeholders.

In the Directors' opinion, the Company has complied with all the code provisions set out in the CG Code throughout the year ended 31 December 2024.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the Model Code during the year ended 31 December 2024.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's employees was noted by the Company during the year ended 31 December 2024.

The Board

Responsibilities of the Board

The Board is responsible for, and has general powers under the Articles for, the leadership and oversight of the Company's management and performance and the formulation and review of the Group's overall policies and strategies.

The Board is also responsible for performing corporate governance duties, including the (i) development and review of the Company's policies and practices on corporate governance; and (ii) review of the Company's compliance with Appendix C1 to the Listing Rules and disclosures in the corporate governance report. All major decisions, including but not limited to those decisions affecting the financial results, operations and Shareholders of the Company, such as financial statements, business acquisitions, major transactions and dividend policies, are made by the Board as a whole. Each Director is aware of his or her fiduciary duties and duties and responsibilities as a director under the Listing Rules, the CG Code and applicable laws and regulations, and has acted objectively for the benefit and best interest of the Company and its Shareholders.

Decisions of the Board are communicated to the senior management through executive Directors. The day-to-day management, administration and operation of the Group are delegated to the executive Directors and a senior management team. The senior management team is also responsible for the supervision and execution of the Group's business plans. The Board reviews periodically the performance of the senior management team.

Certain functions and responsibilities are delegated to committees established by the Board. For details, please refer to the paragraphs headed "Audit Committee", "Remuneration Committee" and "Nomination Committee" below.

During the year, as part of its corporate governance function, the Board has performed the corporate governance duties including: (a) reviewed the Company's policies and practices on corporate governance; (b) reviewed and monitored the training and continuous professional development of Directors and senior management; (c) reviewed and monitored the Company's policies and practices in compliance with legal and regulatory requirements; (d) reviewed and monitored the code of conduct and compliance manual (if any) applicable to employees and Directors; and (e) reviewed the Company's compliance with the code and disclosure in the Corporate Governance Report.

The Board (continued)

Composition of the Board

As at the date of this annual report, the Board comprises five executive Directors and three independent non-executive Directors whose names are listed below. Each member of the Board brings a wide spectrum of valuable experience, knowledge and expertise to the Board for its efficient and effective functioning.

Executive Directors

Mr. CHAN Sze Ming Michael (*Chairman*)

Mr. LIU Huaxi (*Vice-Chairman*)

Ms. ZHENG Catherine Wei Hong (*President*)

Mr. WU Xinping

Ms. WEI Miaochang

Date of appointment

2 November 2018 (resigned on 28 March 2025)

24 May 2019

2 November 2018

2 November 2018

24 May 2019 (resigned on 30 June 2024)

Independent non-executive Directors

Mr. MA Ching Nam

13 November 2019

Mr. LEONG Chong

13 November 2019

Mr. WU William Wai Leung

13 November 2019

Save as disclosed in this annual report, there is no financial, business, family or other relevant relationship between the Directors.

Mechanisms ensuring independent views available to the Board

The Company has established mechanisms ensuring independent views available to the Board during the year and the Board will, or may designate a board committee to, review the implementation and effectiveness of such mechanisms on an annual basis.

1. Composition of the Board and Board Committees

- (i) The Board endeavours to ensure the appointment of at least three independent non-executive directors ("INED(s)") and at least one-third of its members being INEDs (or such higher threshold as may be required by the Listing Rules from time to time).
- (ii) Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, INEDs will be appointed to other Board committees as far as practicable to ensure independent views are available.

2. Independence Assessment

- (i) The Nomination Committee must strictly adhere to the nomination policy of the Company and the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of INEDs.
- (ii) Each INED is also required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may materially affect his/her independence.
- (iii) The Nomination Committee is mandated to assess annually the independence of all INEDs by reference to the independence criteria as set out in the Listing Rules to ensure that they can continually exercise independent judgement.

The Board (continued)

Composition of the Board (continued)

Mechanisms ensuring independent views available to the Board (continued)

3. *Remuneration*

No equity-based remuneration (e.g. share options or grants) with performance related elements will be granted to INEDs as this may lead to bias in their decision making and compromise their objectivity and independence.

4. *Board Decision Making*

- (i) INEDs (as with other directors) are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the Company's company secretary and, where necessary, independent advice from external professional advisers at the Company's expense.
- (ii) INEDs (as with other directors) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his/her close associates has a material interest.
- (iii) The chairman of the Board shall at least annually hold meetings with the INEDs without the presence of other Directors to discuss major issues and any concerns.

During the year ended 31 December 2024, the Company has complied with the requirements of the Listing Rules to have at least three INEDs representing at least one-third of the Board with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

Having considered the factors for assessing the independence of INEDs under Rule 3.13 of the Listing Rules and the annual confirmations from each INEDs, the Board considers all of its INEDs to be independent.

The list of Directors (by category) is disclosed in all corporate communications issued by the Company pursuant to the Listing Rules. A list of the Directors identifying their roles and functions is also available on the Company's website at www.jygrandmark.com and on the website of the Stock Exchange at www.hkexnews.hk.

Terms of appointment of Directors

Executive Directors

Each of the executive Directors has entered into a service contract of an initial term (the "Initial Term") commencing from the Listing Date until and including the date of the third annual general meeting (or if such meeting is adjourned, the adjourned meeting). The appointment may be terminated by not less than three months' notice in writing served by either the relevant Director or the Company. Subject to the approval from the Shareholders for re-election of the Director as a director of the Company and in accordance with the Listing Rules, the Articles and the employment agreement with the Company, the Initial Term shall be automatically renewed for such further period commencing from the expiry date of the Initial Term or subsequent renewal term(s) thereof (as the case may be) to and including the date of the third annual general meeting (or if such meeting adjourned, the adjourned meeting) following such expiry date, which may be terminated by not less than three months' prior notice in writing served by either the relevant Director or the Company.

The Board (continued)

Terms of appointment of Directors (continued)

Independent non-executive Directors

Each of the INEDs was appointed by the Company for a fixed term of three years commencing from 5 December 2022. The appointment may be terminated by not less than three months' notice in writing served by either the relevant Director or the Company.

Director Nomination Policy

Nomination, appointment, re-election and removal procedures

The procedures and process of appointment, re-election and removal of Directors are set out in the Company's Articles. Every Director is subject to the provisions of retirement by rotation at least once every three years. Any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his or her appointment and be subject to re-election at such meeting.

The Nomination Committee has been established on 13 November 2019 to review the structure, size and composition of the Board at least annually to ensure that the Board has a balance of expertise, skill and experience appropriate to meet the requirements of the Company. The director nomination policy is that this committee will identify individuals who are qualified or suitable for directorship, assess their qualifications, skill, prior experience, character and other relevant aspects including but not limited to their independence in the case of an independent non-executive Director candidate, and make recommendations to the Board on the appointment or re-appointment of Directors or the filling of casual vacancies on the Board or any other proposed changes to the Board to complement the Company's corporate strategies. Please refer to the paragraph headed "Nomination Committee" below for more details on the Nomination Committee.

Nomination criteria

The Nomination Committee shall consider a number of factors in making nominations, including but not limited to the following:

- (i) **Qualifications:** The candidate should possess the skills, knowledge and experience, which are relevant to the operations and corporate strategies of the Company and its subsidiaries.
- (ii) **Diversity:** The candidate should be considered on merit and against objective criteria, with due regard to the diversity perspectives set out in the board diversity policy of the Company and the balance of skills and experience in board composition.
- (iii) **Commitment:** The candidate should be able to devote sufficient time to attend board meetings and participate in induction trainings and other board associated activities.
- (iv) **Character:** The candidate must satisfy the requirements of the Board and the Stock Exchange that he or she has the character, experience and integrity, and is able to demonstrate a standard of competence commensurate with the relevant position as a director of the Company.
- (v) **Independence:** The candidate to be nominated as an independent non-executive director must satisfy the independence criteria set out in Rule 3.13 of the Listing Rules.

The above criteria are for reference only and are not meant to be exhaustive or decisive. The Board shall take into consideration the benefits of a diversified Board when selecting Board candidates.

The Board (continued)

Director Nomination Policy (continued)

Nomination procedures

If the Nomination Committee determines that an additional or replacement director is required, the Committee may take such measures that it considers appropriate in connection with its identification and evaluation of a candidate. The Nomination Committee may propose to the Board a candidate recommended or offered for nomination by a shareholder of the Company as a nominee for election of the Board. On making a recommendation, the Nomination Committee may submit the candidate's personal profile to the Board for consideration. The Board may appoint the candidate(s) as director(s) to fill a casual vacancy(ies) or as an addition to the Board or recommend such candidate to shareholders for election or re-election (where appropriate) at the general meeting.

Please refer to the paragraph headed "Nomination Committee" below for more details on the Nomination Committee.

Board practices and conduct of meetings

Directors are given the opportunity to include matters in the agenda for Board meetings with notices of regular Board meetings given or to be given at least 14 days in advance. Notices and agenda of the Board meetings are prepared by the company secretary of the Company as delegated by the chairman. Directors are provided with adequate and timely information to allow them to fulfill their duties properly. They are allowed to seek independent professional advice in appropriate circumstances at the Company's expenses.

Directors are encouraged to make a full and active contribution to the Board's affairs and to voice out their views and concerns. Directors are supplied with sufficient information and given sufficient time for discussion to ensure that Board decisions fairly reflect Board consensus.

A Director who to his or her knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his or her interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he or she knows his or her interest then exists, or in any other case, at the first meeting of the Board after he or she knows that he or she is or has become so interested. Subject to the Articles, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposals in which he or she or any of his or her close associates is materially interested.

Minutes of Board meetings and meetings of Board committees containing sufficient details of the matters considered and decisions reached, including any concerns raised or dissenting views express, are sent to each Director for their review, comment and records within a reasonable time after each meeting. The final version of such minutes is kept by the company secretary of the Company and is open for inspection by Directors upon reasonable notice.

The Board (continued)

Board and Board Committee Meetings

The Board meets at least four times each year or more as required. Directors may participate in meetings either in person or through electronic means of communication. The schedule of regular meetings for the following year will be presented to all Directors in the last Board meeting such that they can arrange for the meetings. All Directors are given not less than fourteen days' notice for regular Board meetings. For other Board and Board committee meetings, reasonable notice will be given.

The company secretary assists the chairman in preparing the agenda of regular Board meetings and circulates the draft Board meeting agenda to all Directors for their perusal and comment. Directors are invited to include any matters in the agenda which they think appropriate. The Board meeting agenda will be issued by the company secretary after incorporating all the comments of Directors (if any). Relevant meeting materials are provided to the Directors at least three days before the meetings to ensure that they are given sufficient review time and are adequately prepared for the meetings.

Each Director shall have access to the senior management including the company secretary, and they may also seek independent professional advice at the expense of the Company. Any matter involving interest of substantial Shareholder(s) or Director(s) shall be subject to the consideration and approval by the Board at a physical Board meeting, or to be implemented and dealt with by the designated Board committee. Directors who have interest may attend the meeting, but shall not be counted towards quorum and shall abstain from voting on the relevant matter. All Directors may require the company secretary to provide advice and services on relevant aspects, including the follow-up of, or the provision of support to, any matters, ensuring that the Board procedures and all applicable rules and regulations are observed.

The management will submit relevant reports to the Directors for review as part of meeting materials for every regular Board meeting. After the briefing given to the Directors, the management will answer any enquiry made by the Directors. The Board may make informed assessment on the financial and other information submitted to them for their approval. Sufficient time will be allowed for the Directors to discuss.

The meeting minutes of the Board and its committees are drafted and kept by the company secretary. All meeting minutes will set out in detail the matters discussed and considered at the meetings, including, among others, any queries made or views expressed by the Directors. The company secretary will distribute the draft meeting minutes to all Directors for their comment and the final version of the meeting minutes to all Directors for their record within reasonable time after the meetings are held.

The Board (continued)

Board and Board Committee Meetings (continued)

During the year, the Board held a total of five meetings. Each Director's attendance record for the Board meetings, Board committee meetings and general meetings is set out as follows:

	Number of attendance/meeting(s) held in 2024				Annual General Meeting
	Board Meeting(s)	Audit Committee Meeting(s)	Nomination Committee Meeting(s)	Remuneration Committee Meeting(s)	
Mr. CHAN Sze Ming Michael (<i>Chairman</i>) (resigned on 28 March 2025)	5/5	–	–	–	1/1
Mr. LIU Huaxi (<i>Vice-Chairman</i>)	5/5	–	1/1	1/1	1/1
Ms. ZHENG Catherine Wei Hong (<i>President</i>)	5/5	–	–	–	1/1
Mr. WU Xinping	5/5	–	–	–	1/1
Ms. WEI Miao Chang (resigned on 30 June 2024)	2/2	–	–	–	1/1
Mr. MA Ching Nam	5/5	4/4	1/1	1/1	1/1
Mr. LEONG Chong	5/5	4/4	1/1	1/1	1/1
Mr. WU William Wai Leung	5/5	4/4	1/1	1/1	1/1

All the executive Directors and INEDs have allocated reasonable amount of time to follow and deal with various affairs of the Company during the year. All Directors will make their best efforts to attend any meetings of the Board and its committees. They will also allocate reasonable time in reviewing materials as well as other documents provided by the Company from time to time. The chairman met once with the INEDs without the executive Directors present.

Chairman and President

Mr. CHAN Sze Ming Michael serves as the chairman of the Board till his resignation on 28 March 2025. He is responsible for the overall strategic planning and business direction of the Group. With the support of the executive Directors and the company secretary, the chairman approves the agenda for, and chairs, Board meetings to ensure that all key and appropriate issues are discussed in a timely manner, including any matters proposed by other Directors. He is responsible for the effective functioning of the Board, including but not limited to taking steps to ensure that all Directors are properly briefed on issues arising at Board meetings, providing all Directors with adequate information which is accurate, clear, complete and reliable in a timely manner, communicating Shareholders' views to the Board as a whole and promoting a culture of openness and constructive debate during Board meetings.

Ms. ZHENG Catherine Wei Hong serves as the president of the Company. She is responsible for the execution of the strategic planning and general management of the Group.

Board Committees

Audit Committee

The Audit Committee was established on 13 November 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the applicable CG Code. The primary duties of the Audit Committee include (but without limitation): (i) be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor; (ii) monitor the integrity of the Company's financial statements, annual reports, accounts, interim reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them; (iii) oversight of the Company's financial reporting system, risk management and internal control systems; and (iv) develop and review the Company's policies and practices on corporate governance and make recommendations to the Board. The written terms of reference of the Audit Committee has been made available on the Company's website at www.jygrandmark.com and on the website of the Stock Exchange at www.hkexnews.hk. For the year ended 31 December 2024, the Audit Committee consists of three INEDs, namely, Mr. WU William Wai Leung (chairman of the Audit Committee who possesses the appropriate professional qualification or accounting or related financial management expertise), Mr. MA Ching Nam and Mr. LEONG Chong.

During the financial year, four Audit Committee meetings were held and the executive directors, the management and the independent auditor also attended to provide necessary information. The Audit Committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group, and reviewed risk management, internal controls, internal audit and financial reporting matters including review of the audited annual financial statements of the Group for the year ended 31 December 2023, the change of auditors, and the unaudited interim financial statements of the Group for the six months ended 30 June 2024.

Remuneration Committee

The Remuneration Committee was established on 13 November 2019 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the applicable CG Code. The primary duties of the Remuneration Committee include (but without limitation): (i) making recommendations to the Board regarding our policy and structure for the remuneration of all of the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to the Board on the remuneration packages of individual executive Directors and senior management; (iii) make recommendations to the Board on the remuneration of non-executive Directors; (iv) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (v) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules. The written terms of reference of the Remuneration Committee has been made available on the Company's website at www.jygrandmark.com and on the website of the Stock Exchange at www.hkexnews.hk. For the year ended 31 December 2024, the Remuneration Committee consists of one executive Director, namely Mr. LIU Huaxi, and three INEDs, namely Mr. LEONG Chong (chairman of the Remuneration Committee), Mr. MA Ching Nam and Mr. WU William Wai Leung.

During the financial year, one Remuneration Committee meeting was held. The Remuneration Committee has reviewed and considered the remuneration packages of the Directors and senior management, service contracts of each of the executive Directors and renewed letters of appointment of each of the INEDs. The Remuneration Committee has also assessed the performance of the executive Directors and reviewed the director and employee remuneration policy of the Company.

There are no material matters relating to the Share Option Scheme which are required to be reviewed and/or approved by the Remuneration Committee during the year.

Board Committees (continued)

Nomination Committee

The Nomination Committee was established on 13 November 2019 with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the applicable CG Code. The primary duties of the Nomination Committee include (but without limitation): (i) propose a set of personal attributes to the Board; (ii) propose a set of procedures for processing nominations of candidates for the Board's approval; and (iii) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and recommend any proposed changes to the Board to complement the Company's corporate strategy. The written terms of reference of the Nomination Committee has been made available on the Company's website at www.jygrandmark.com and on the website of the Stock Exchange at www.hkexnews.hk. For the year ended 31 December 2024, the Nomination Committee consists of one executive Director, namely Mr. LIU Huaxi and three INEDs, namely Mr. MA Ching Nam (chairman of the Nomination Committee), Mr. LEONG Chong and Mr. WU William Wai Leung.

During the financial year, one Nomination Committee meeting was held. The Nomination Committee has reviewed the structure, size and diversity of the Board, considered the independence of INEDs and recommended the re-appointment of retiring directors which were approved by the Shareholders at the annual general meeting. The Nomination Committee has also reviewed the director's nomination policy of the Company and recommended relevant disclosure herein.

Diversity

The Company adopted a board diversity policy on 13 November 2019 which sets out the objective and approach on the diversity of the Board. The board diversity policy has been made available on the Company's website at www.jygrandmark.com. The Company recognises the importance of having a diverse Board in enhancing the Board effectiveness and corporate governance, and considers that Board diversity, including gender diversity, is a vital asset to the business. A diverse Board will include and make good use of differences in the skills, industry knowledge and professional experience, cultural and education background and other qualities of directors of the Company and does not discriminate on the ground of race, age or gender. Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

For the purpose of implementation of the gender diversity, the Board aims to comprise at least one female Director and have at least 40% female employees in the workforce. As at the date of this report, (i) the Board consists of one female Directors and six male Directors; (ii) the senior management comprised one male and two female members; and (iii) approximately 48% of the Company's workforce is male and approximately 52% is female. The Company has achieved its objectives for gender diversity.

The Directors have a balanced mix of knowledge and skills, including overall management and strategic development, project investment and financial management. They obtained degrees in various majors including business administration, economic management, construction engineering and computer science. As at 31 December 2024, the Board consisted of one female Director and six male Directors. It has three INEDs with different industry backgrounds, representing more than one third of the members of the Board. Furthermore, the Directors are of a wide range of age, ranging from 36 years old to 72 years old. Taking into account the Company's existing business model and specific needs as well as the different background of the Directors, the composition of the Board satisfies the board diversity policy.

The Nomination Committee is responsible for ensuring the diversity of the Board members. It will review the board diversity policy from time to time to ensure its continued effectiveness and the Company will disclose in its corporate governance report about the implementation of the board diversity policy on an annual basis. The Company recognises the importance of gender diversity and recruits employees at all levels based on merits and regardless of gender in order to ensure there is a pipeline of male and female potential successors to the Board and the senior management.

Remuneration of Senior Management

The remuneration payable to the senior management of the Company (who are not the Directors) is shown in the following table by bands:

	2024
Nil to RMB500,000	2
RMB500,001 to RMB1,000,000	1
	3

Director and Employee Remuneration Policies

The Group's director and employee remuneration policy aims to provide a fair market level of remuneration to retain and motivate high quality directors, senior management and employees, and attract experienced people of high caliber to oversee the business and development of the Group. Their remuneration is reviewed at least annually with reference to companies of comparable business or scale. Details of the director and employee remuneration policy are set out in the sections headed "Directors' Report – Employees and Remuneration Policies" and "Directors' Report – Basis for Determining Emoluments to Directors".

Directors' Responsibilities for Financial Reporting

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2024.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other financial disclosures required by the Listing Rules and other regulatory requirements.

The senior management of the Company has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company in order to put forward such information to the Board for approval.

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 Company and of the results and cash flow for the relevant period. The Directors consider that the consolidated financial statements of the Group for the year ended 31 December 2024 have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and the management. The statements of the auditor of the Company about their reporting responsibility on the consolidated financial statements of the Group are set out in the section headed "Independent Auditor's Report" in this annual report.

Disclaimer of Opinion

The Company's independent auditor, D & Partners CPA Limited issued a disclaimer of opinion on the consolidated financial statements of the Group, details of which are set out in the section headed "Independent Auditor's Report" in this annual report, and the relevant extract is set out below:

Basis for Disclaimer of Opinion

Multiple Uncertainties Related to Going Concern

We draw attention to Note 2.1(c) to the consolidated financial statements, which states that, for the year ended 31 December 2024, the Group recorded a net loss of RMB133 million and a net cash outflow of RMB104 million. As at 31 December 2024, the Group's total borrowings was RMB3,253 million of which the Group's current borrowings amounted to RMB2,673 million while its cash and cash equivalents amounted to RMB21 million and restricted cash amounted to RMB134 million only. As at 31 December 2024, certain borrowings of RMB552 million and interest payables of RMB29 million, relating to borrowings with a total principal amount of RMB736 million, were overdue (the **"Defaulted Borrowings"**). As a result of such default, the principal amount of borrowings of RMB588 million, were considered as cross-default. The aggregate principal amount of the aforesaid borrowings of RMB1,324 million would be immediately repayable if requested by the lenders. This amount included borrowings of RMB398 million with original contractual repayment dates beyond 31 December 2025 which have been reclassified as current liabilities as at 31 December 2024.

Subsequent to 31 December 2024, the Group failed to settle certain borrowings with aggregated principal amount of RMB544 million and breached certain of the terms of the bank loan, which are primarily related to an asset under forced auction by court, of RMB211 million (the **"Subsequent Defaulted Borrowings"**). Such overdue amount also form part of the defaulted and cross defaulted borrowings mentioned above.

Due to the slow down of Mainland China property market in first half of 2024, the Group's operations had experienced a decline in the business of property development and sales. The pre-sales and sales volumes, amounts and collection of pre-sale and sales proceeds continue to decrease which give rise to certain pressure on the Group's liquidity.

The business of the Group is subject to extensive governmental regulations and macro-economic control measures of the real estate sector implemented by the PRC government from time to time, and some of these policies and measures may have unfavourable impact to the working capital available to the Group. In addition, the Group has committed construction cost payable for the projects which have properties sold under pre-sale arrangement that is scheduled to delivery to the customers within next twelve months.

These events or conditions, along with other matters as set forth in Note 2.1(c) to the consolidated financial statements, indicate that multiple uncertainties exist that cast significant doubt on the Group's ability to continue as a going concern.

Disclaimer of Opinion (continued)**Basis for Disclaimer of Opinion (continued)****Multiple Uncertainties Related to Going Concern (continued)**

The directors of the Company have been formulating a number of plans and measures to mitigate the liquidity pressure, to improve the financial position of the Group, and to remediate the overdue loan repayments, which are set out in Note 2.1(c) to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these plans and measures, which are subject to multiple uncertainties, including:

- (i) Successful negotiations with the Group's existing lenders in respect of the borrowings that were either in default or otherwise in cross default, so that the relevant lenders will not exercise their contractual rights to demand immediate repayment of the relevant defaulted borrowings or cross-defaulted borrowings and grant the relevant waiver to the Group;
- (ii) Continuous compliance the terms and conditions of the bank and other borrowings and, where applicable, successful negotiation with the lenders to obtain waiver or to revise the terms and conditions of the borrowings for the continuous compliance thereof as and when needed;
- (iii) Successful and timely extension and renewal of its bank and other borrowings, upon maturity as well as obtaining new financing from financial institutions as and when needed. The Group's ability to obtain these financing depends on (1) current and ongoing regulatory environments and how the relevant policies and measures might affect the Group and/or the relevant financial institutions; (2) whether the lenders of existing borrowings agree the terms and conditions for such extension or renewal; and (3) the Group's ability to continuously comply with the relevant terms and conditions of its bank and other borrowings;
- (iv) Successful adjustment of pre-sales and sales activities to achieve budgeted pre-sales and sales volumes and amounts, and successful implementation of the plans and measures to accelerate the pre-sales and sales of properties under developments and completed properties held for sale, and timely collection of the relevant sales proceeds;
- (v) Successful completion and delivery of properties to the customers on schedule such that the restricted pre-sale proceeds in the designated bank accounts will be released to the Group to meet its other financial obligations as planned; and
- (vi) Successful in obtaining other additional sources of financing other than those mentioned above as and when needed.

As a result of these multiple uncertainties, the potential interaction of these uncertainties, 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 be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

Disclaimer of Opinion (continued)

Directors' Response to Disclaimer of Opinion

In view of the uncertainties set out above in the opinion of the auditor of the Company, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The following plans and measures have been taken to mitigate the liquidity pressure, to improve its financial position and to remediate the overdue loan repayments which include but are not limited to, the followings:

- (i) In respect of Defaulted Borrowings and Subsequent Defaulted Borrowings, the Group has been actively negotiating with all the lenders for renewal and extension for repayments of the defaulted borrowings. Out of the Defaulted Borrowings, the Group has successfully extended the repayment terms of loans with principal amount of RMB105 million. The Directors are confident that such lenders will not exercise their rights to demand the Group's immediate repayment of the borrowings and the Group will reach final agreements and waiver with such lenders in due course;
- (ii) The Group has maintained active communication with other relevant lenders in respect of the Defaulted Borrowings. Based on latest communication, the Directors are confident to convince the relevant lenders not to exercise their rights to demand immediate repayment of these borrowings prior to their scheduled contractual repayment dates;
- (iii) In January 2025, the Group successfully exchanged its senior notes with an aggregate principal amount of US\$159 million (equivalent to RMB1,145 million) due on 9 January 2025 with a newly issued senior note amounted to US\$174 million due on 6 January 2026 (the "**New Senior Notes**"). For further details of the exchange, please refer to note 39;
- (iv) The Group will continue to actively adjust pre-sales and sales activities to better respond to market needs, and make efforts to achieve the latest budgeted pre-sales and sales volumes and amounts. The Group will continue to implement plans and measures to accelerate the pre-sales and sales of its properties under development and completed properties held for sale, and to speed up the collection of outstanding sales proceeds;
- (v) As at 31 December 2024, the Group's restricted cash amounted to RMB134 million, which mainly represented the restricted pre-sale proceeds in designated bank accounts and can be used to settle certain construction payables or project loans subject to the approval of the PRC State-Owned Land and Resource Bureau. The Group will closely monitor the process of construction of its property development projects to ensure that construction and related payments are fulfilled, the relevant properties sold under pre-sale arrangement are completed and delivered to the customers on schedule as planned, so that the Group is able to release restricted cash to meet its other financial obligations; and
- (vi) The Group will also continue to seek for other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating expenditure.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2024. In the opinion of the Directors, in light of the above and taking into account the anticipated cash flows to be generated from the Group's operations as well as the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2024. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial information on a going concern basis.

The Group will continue to progress with the above-mentioned plans and measures to mitigate the liquidity pressure, to improve the financial position of the Group, and to remediate the overdue loan repayments. The Audit Committee has reviewed and agreed with the above plans and measures and the views of the Directors.

Information Disclosure

The Company discloses information in compliance with the Listing Rules and other applicable laws, and publishes periodic reports and announcements to the public in accordance with relevant laws and regulations. In particular, the Company has put in place a robust framework for the disclosure of inside information in compliance with the SFO. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow all the stakeholders to apprehend the latest position of the Company. The framework and its effectiveness are subject to review by the Board on a regular basis.

Disclosure of Inside Information

The Group acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong and the Listing Rules and the overriding principle that inside information should be announced as soon as reasonably practicable when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the “Guidelines on Disclosure of Inside Information” published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements, circulars and its website;
- the Group has strictly prohibited unauthorised use of confidential or inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group’s affairs, so that only the executive Director and the company secretary are authorised to communicate with parties outside the Group.

External Auditor and Auditor Remuneration

The statement of the external auditor of the Company about their reporting responsibilities for the financial statements is set out under the section headed “Independent Auditor’s Report” in this annual report.

The external auditor of the Company will be invited to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor’s report and auditor’s independence.

For the year ended 31 December 2024, the amount of fees charged by the Company’s external auditor, D & Partners CPA Limited, in respect of their audit services amounted to approximately RMB1.26 million and non-audit services amounted to RMB0.14 million. Non-audit services include performing Agreed-Upon Procedures on interim financial statements in accordance with Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information”.

The Company Secretary

The company secretary of the Company plays a role in supporting the Board by ensuring good information flow within the Board and also that Board policy and procedures are followed. The company secretary of the Company is responsible for advising the Board through the chairman and/or the president on corporate governance matters and should also facilitate induction and professional development of Directors. Specific enquiry has been made to the company secretary of the Company, Ms. WAI Ching Sum, and she has confirmed that she has complied with the relevant qualifications, experience and training requirements under the Listing Rules.

Directors' and Officers' Liability Insurance

The Company has arranged directors' and officers' liability insurance for its Directors and senior management. The insurance covered the corresponding costs, charges, expenses and liabilities for any legal action against them arising out of the Group's operation.

Directors' Training

According to the CG Code, Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All the Directors are also encouraged to attend relevant training courses at the Company's expenses.

Each of the Directors, namely Mr. CHAN Sze Ming Michael, Mr. LIU Huaxi, Ms. ZHENG Catherine Wei Hong, Mr. WU Xinping, Mr. MA Ching Nam, Mr. LEONG Chong and Mr. WU William Wai Leung, have attended training on 2024 update changes to the Listing Rules in relation to ESG disclosure requirement, market misconduct and anti-corruption by The Hong Kong Institute of Directors on 6 December 2024. The company secretary maintains proper records of training attended by the Directors.

Dividend Policy

The Company has adopted a dividend policy, pursuant to which, subject to the Companies Act and other applicable laws and regulations, the Company targets to distribute to the Shareholders no less than 30% of the Company's distributable profits for any particular financial year. The declaration of dividends is subject to the discretion of the Board and, where required, the approval of the Shareholders. The Directors may recommend a payment of dividends in the future after taking into account the Group's operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to the Company's constitutional documents and the Companies Act, including, where required, the approval of the Shareholders. Any future declarations of dividends may or may not reflect the Company's historical declarations of dividends and will be at the absolute discretion of the Directors.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in the Group's operations.

Investor Communications

The Company has adopted a shareholders communication policy in relation to communicating with the Shareholders and potential investors and providing regular communications to the Shareholders with effect from the Listing Date. It is available on the Company's website at www.jygrandmark.com. The objective of the policy is to ensure that the Shareholders, both individual and institutional, and, in appropriate circumstances, the investment community at large, are timely provided with complete, equal and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable Shareholders to exercise their rights in an informed manner, and to enhance the communication between Shareholders, the investment community and the Company.

Investor Communications (continued)

The Company considers timely communication to Shareholders and/or investors and transparent reporting as key components of good corporate governance. The Company aims at maintaining frequent and timely communication with its Shareholders and/or investors through a variety of communication channels, including but not limited to general meetings, annual and interim reports and official announcements. General meetings provide a platform for Shareholders to exchange views with the Board and the Directors are available to answer questions at the Company's annual general meetings. Shareholders will be sent a copy of the annual and interim reports or be notified of the release of such reports. Annual and interim reports are accessible on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.jygrandmark.com, where general information on the Group's business and activities is available for public access. Official announcements will be released from time to time in accordance with the Listing Rules to update our Shareholders and/or investors with the latest developments of the Group. Shareholders and investors may address enquiries directly to the Company's principal place of business in Hong Kong as provided in the section headed "Corporate Information" in this annual report, or to the company secretary of the Company by email at ir@jygrandmark.com.hk.

The Board conducted a review of the implementation and effectiveness of its shareholders communication policy. Having considered the multiple channels of communication available to the Shareholders, the Board is satisfied that its shareholder communication policy has been implemented during the year and is effective.

Shareholders' Rights

(a) Convening Extraordinary General Meeting

Pursuant to Article 58 of the Company's existing Articles, one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings may deposit a written requisition (the "**Written Requisition**") to the Board or the company secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in the Written Requisition. Such meeting shall be held within two months after the deposit of the Written 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 by convening a physical meeting, 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.

Voting of general meetings of the Company is conducted by way of poll in accordance with the Listing Rules. The poll results will be published on both the website of the Stock Exchange and the Company.

(b) Putting Forward Enquiries to the Board and Putting Forward Proposals at General Meetings

Shareholders and investors are also welcome to submit any enquiries to the Board and suggestions or proposals at general meetings directly to the Company's principal place of business in Hong Kong as provided in the section headed "Corporate Information" in this annual report, or to the company secretary of the Company by email at ir@jygrandmark.com.hk. For the procedures for shareholders to put forward proposals to propose a person for election as a director at a general meeting, please refer to the "Procedures for Shareholders to Propose a Person for Election as a Director of the Company" published on the Company's website at www.jygrandmark.com.

The Board also encourages Shareholders to attend general meetings to make enquiries with the Board directly.

Constitutional Documents

During the year ended 31 December 2024 and up to the date of this annual report, there has not been any change in the Memorandum and Articles. An up to date version of the Memorandum and Articles are available on the Company's website at www.jygrandmark.com and on the website of the Stock Exchange at www.hkexnews.hk.

Risk Management and Internal Control

The Board is responsible for the risk management and internal control system and has the responsibility to review the effectiveness of the system. The Group's risk management and internal control system includes a clear organisational structure, defined lines of responsibility and segregation. The Board is responsible for assessing and determining the nature and extent of the risks that the Group is willing to take in achieving the strategic objectives, also monitors the establishment and maintenances of appropriate and effective risk management and internal control system. The management is responsible for designing and maintaining an effective risk management and internal control system as well as providing confirmations to the Board on the effectiveness of the system. Such risk management and internal control system is designed to manage rather than eliminate the risk of failure in achieving business objectives, and it can only provide reasonable but not absolute assurance that there will be no material misstatements or losses.

Risk Management

1. Establishment of a risk management system structure:

The Group established the risk management system structure at the group level in previous years to determine the risk management procedures and facilitate the enhancement of internal risk management culture, which would sustain year after year according to the strategies of the Company. During the year, the Company continued to improve the risk management system structure to guide the group risk assessment work and ongoing risk monitoring activities through the following measures based on the work accomplished in previous years:

- ✓ **Reaffirm the risk management organisational structure and continue advocating:** The Group has reaffirmed a risk management organisational structure and divided the risk management responsibilities, setting out clear responsibilities of the management and respective department on risk management and the risk information reporting line and frequency. The major features of the risk management organisational structure include clear segregation of responsibilities and specific communication mechanism. The following table illustrates the roles of respective party in the risk management organisation structure:

Role	Major Responsibility
The Board (the highest decision-making party of the risk management)	■ Evaluate and determine the nature and acceptable extent of risks to ensure that the strategic objectives can be achieved ■ Ensure the establishment and maintenance of the effective risk management and internal control system ■ Supervise the management in the designing, implementing and monitoring of the risk management and internal control system

Risk Management and Internal Control (continued)

Risk Management (continued)

1. Establishment of a risk management system structure: (continued)

✓ Reaffirm the risk management organisational structure and continue advocating: (continued)

Role	Major Responsibility
The Audit Committee (the highest decision-making party of the risk management)	■ Consider and formulate the risk management framework; identify, analyse, evaluate and determine the risks faced by the Group; systematically organise, mitigate and monitor risks to identify and handle the risks faced by the Group, including but not limited to strategic, financial, operational, legal and regulatory risks ■ Review and assess the effectiveness of the Group's risk management framework (including the risk management plan, risk management system and the internal audit function in relation to risk management) ■ Constantly monitor the scope of risk management system and the other providers of assurance ■ Monitor the frequency of the occurrence of material control default or discovery of material control weakness, and the extent to which they have resulted in unforeseen and emergent outcomes or contingencies that have had, may have or may in the future have, a material impact on the Company's financial performance or condition ■ Report any significant risk management issues to the Board and suggest solutions
Senior Management (the risk management work leading team)	■ Review policies and mechanism related to risk management of the Group on a regular basis ■ Supervise the implementation of risk management within the Group, review the evaluation report on risk management work and risk management assessment report regularly ■ Provide risk management advice for significant decision and review targeted measures proposed by the execution party of the risk management ■ Responsible for reporting and disclosing significant risk information to the Audit Committee

Risk Management and Internal Control (continued)

Risk Management (continued)

1. Establishment of a risk management system structure: (continued)

✓ Reaffirm the risk management organisational structure and continue advocating: (continued)

Role	Major Responsibility
Company Secretarial Department	- Concurrently follow the disposal of significant risk emergencies, prepare a conclusion report and report to the Audit Committee - Deal with other affairs associated with risk management as authorised by the Board or the Audit Committee
Internal Audit Centre	- Coordinate the commencement of risk identification and assessment work - Act as the risk management supervisory body, responsible for overseeing risk management work performed by the Group and the branches in different cities - Organise the preparation of regular risk assessment reports and present summary reports to the risk management work leading team - Organise and coordinate risk management trainings and guidance
The Group's headquarters/ Management of departments and respective branches in different cities (the execution party of the risk management work)	- Update the risk exposure list of operations on a regular basis, and conduct relevant works such as risk identification and evaluation - Formulate and implement risk response plan for operations - Monitor and control various risk exposures in operations, and report risk information to the risk management coordinator and the risk management work leading team in a timely manner

Risk Management and Internal Control (continued)

Risk Management (continued)

1. Establishment of a risk management system structure: (continued)

- ✓ **Update the risk assessment criteria:** During the year, based on changes in the internal and external environment, the risk assessment criteria applicable to the Company have been updated according to the nature, characteristics of business and strategic objectives of the Group and respective business segments and the risk appetite of the management. The risks that are most likely to affect the achievement of the objectives have been assessed using commonly recognised assessment methods and assessment criteria. Risks assessed during the year include, but are not limited to, strategic, operational, market, legal, financial, and environmental, social and governance-related risks.
- ✓ **Determine and regulate the workflow for risk management work:** The risk management procedures (please refer to Figure 1: Risk Management Procedures), with major steps including identification, assessment, investigation and response, supervision and improvement have been established, so as to systematically manage, mitigate and control risk exposures. By mainly considering the operating goals of the Group and different business segments, the Group identifies risk factors affecting the achievement of such operating goals and evaluates possibilities and potential impacts of each specific risk, adopts specific measures in response to risk exposures identified, and constantly supervises and evaluates changes in risk exposure and adjusts the response measures in a timely manner.



Figure 1: Risk Management Procedures

- ✓ **Determine the frequency of risk management review:** The frequency of evaluation and report on risk management of the Group is determined (at least once every year). The aforesaid key elements standardised the format and frequency of reporting through the Risk Management Manual of JY Grandmark Group.

Risk Management and Internal Control (continued)

Risk Management (continued)

2. Risk evaluation conducted by the Group in 2024

During the year under review, the Group's management continued to deepen its risk management efforts and updated the risk assessment criteria and risk database for the year based on the underlying principle of "maintaining robust operation and seeking survival through stability" and taking into consideration the external market environment, changes in the internal business environment, business development and risk appetite of the Company, keeping in view the risks and opportunities brought to the Group by macro-control measures of the industry, "Three Major Projects" under the new model of property transformation and development and financial policies such as the "Three No-less-than" policy. During the year, the management also adopted a systematic approach to evaluate the nature and extent of other significant risks faced by the Group, as well as updated the assessment and conducted an analysis on the existing control over the top ten risks for 2024. The management has also identified the department that is responsible for addressing the risks, measures to be adopted and the solution for improvement, and has reported the assessment result and implementation of control measures to the Audit Committee. The Audit Committee reviewed and assessed the changes in the nature and extent of significant risks on behalf of the Board, and completed the review of the risk management system and considered the risk management system effective and sufficient.

Internal Audit

JY Grandmark has internal audit functions in place with unrestricted access to corporate information, directors and employees, and report directly to the Audit Committee of the Group on a regular basis. For the year ended 31 December 2024, the internal audit functions have formulated an audit plan that focuses on areas with higher risks. The management has formulated remedial plans for loopholes and inadequacies identified during the internal audit, and the internal audit functions have made regular follow-ups to ensure timely implementation of the remedial measures. The internal audit functions have reported and updated the reviewed results to the Audit Committee.

Anti-corruption Mechanism

JY Grandmark has formulated and implemented the "Anti-corruption System of JY Grandmark", clarifying, inter alia, the standards for identifying anti-corruption violations, penalties for anti-corruption violations, procedures of anti-corruption supervision and administration, management and control over high risk areas of anti-corruption, and incentive measures for anti-corruption work. Anti-corruption whistleblower channels have been released to facilitate employees and other stakeholders with whom we have dealings (such as customers or suppliers) to raise their concerns with the Audit Committee on an anonymous basis about any possible improprieties related to the Company. Meanwhile, the Group continued to promote the culture of integrity through carrying out publicity programmes and training on integrity.

Summary of the Review and Effectiveness on Risk Management and Internal Control Systems

The Board conducts review over the implementation of the risk management and internal control systems over the preceding year annually. During the year under review, the Board conducted a comprehensive review over the effectiveness of the risk management and internal control system of the Group through the Audit Committee. The scope of the review covered the Group and the major business segments, primarily focusing on review of controls over all major aspects, including financial control, operating control and compliance control. Accordingly, the Board is of the view that the Group has complied with the provisions on risk management and internal control as stipulated in the CG Code and considers the risk management and internal control system effective and adequate.

The Audit Committee has reviewed the resources, staff qualifications and experience of the Group as required for accounting, financial reporting and internal audit functions as well as its staff training programs and budget and confirmed the adequacy of the same.

Independent Auditor's Report

To the Shareholders of JY Grandmark Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of JY Grandmark Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 94 to 200, which comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties 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 these 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 Related to Going Concern

We draw attention to Note 2.1(c) to the consolidated financial statements, which states that, for the year ended 31 December 2024, the Group recorded a net loss of RMB133 million and a net cash outflow of RMB104 million. As at 31 December 2024, the Group's total borrowings was RMB3,253 million of which the Group's current borrowings amounted to RMB2,673 million while its cash and cash equivalents amounted to RMB21 million and restricted cash amounted to RMB134 million only. As at 31 December 2024, certain borrowings of RMB552 million and interest payables of RMB29 million, relating to borrowings with a total principal amount of RMB736 million, were overdue (the “**Defaulted Borrowings**”). As a result of such default, the principal amount of borrowings of RMB588 million, were considered as cross-default. The aggregate principal amount of the aforesaid borrowings of RMB1,324 million would be immediately repayable if requested by the lenders. This amount included borrowings of RMB398 million with original contractual repayment dates beyond 31 December 2025 which have been reclassified as current liabilities as at 31 December 2024.

Subsequent to 31 December 2024, the Group failed to settle certain borrowings with aggregated principal amount of RMB544 million and breached certain of the terms of the bank loan, which are primarily related to an asset under forced auction by court, of RMB211 million (the “**Subsequent Defaulted Borrowings**”). Such overdue amount also form part of the defaulted and cross defaulted borrowings mentioned above.

Due to the slow down of Mainland China property market in first half of 2024, the Group's operations had experienced a decline in the business of property development and sales. The pre-sales and sales volumes, amounts and collection of pre-sale and sales proceeds continue to decrease which give rise to certain pressure on the Group's liquidity.

The business of the Group is subject to extensive governmental regulations and macro-economic control measures of the real estate sector implemented by the PRC government from time to time, and some of these policies and measures may have unfavourable impact to the working capital available to the Group. In addition, the Group has committed construction cost payable for the projects which have properties sold under pre-sale arrangement that is scheduled to delivery to the customers within next twelve months.

Independent Auditor's Report (Continued)

Basis for Disclaimer of Opinion (continued)

Multiple Uncertainties Related to Going Concern (continued)

These events or conditions, along with other matters as set forth in Note 2.1(c) to the consolidated financial statements, indicate that multiple uncertainties exist that cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been formulating a number of plans and measures to mitigate the liquidity pressure, to improve the financial position of the Group, and to remediate the overdue loan repayments, which are set out in Note 2.1(c) to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these plans and measures, which are subject to multiple uncertainties, including:

- (i) Successful negotiations with the Group's existing lenders in respect of the borrowings that were either in default or otherwise in cross default, so that the relevant lenders will not exercise their contractual rights to demand immediate repayment of the relevant defaulted borrowings or cross-defaulted borrowings and grant the relevant waiver to the Group;
- (ii) Continuous compliance the terms and conditions of the bank and other borrowings and, where applicable, successful negotiation with the lenders to obtain waiver or to revise the terms and conditions of the borrowings for the continuous compliance thereof as and when needed;
- (iii) Successful and timely extension and renewal of its bank and other borrowings, upon maturity as well as obtaining new financing from financial institutions as and when needed. The Group's ability to obtain these financing depends on (1) current and ongoing regulatory environments and how the relevant policies and measures might affect the Group and/or the relevant financial institutions; (2) whether the lenders of existing borrowings agree the terms and conditions for such extension or renewal; and (3) the Group's ability to continuously comply with the relevant terms and conditions of its bank and other borrowings;
- (iv) Successful adjustment of pre-sales and sales activities to achieve budgeted pre-sales and sales volumes and amounts, and successful implementation of the plans and measures to accelerate the pre-sales and sales of properties under developments and completed properties held for sale, and timely collection of the relevant sales proceeds;
- (v) Successful completion and delivery of properties to the customers on schedule such that the restricted pre-sale proceeds in the designated bank accounts will be released to the Group to meet its other financial obligations as planned; and
- (vi) Successful in obtaining other additional sources of financing other than those mentioned above as and when needed.

As a result of these multiple uncertainties, the potential interaction of these uncertainties, 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 be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2023, was audited by PricewaterhouseCoopers who expressed a disclaimer opinion on those statements on 27 March 2024.

Responsibilities of Directors and The Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure 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 are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. We report solely to you, as a body, 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 due to the potential interaction of the multiple uncertainties and their possible cumulative effect on the 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 Wong Ho Fung.

D & PARTNERS CPA LIMITED

Certified Public Accountants

Hong Kong, 26 March 2025

Consolidated Statement of Comprehensive Income

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	Year ended 31 December	
		2024 RMB'000	2023 RMB'000
Revenue	5	3,426,674	513,462
Cost of sales	6	(2,926,185)	(467,403)
Gross profit before impairment losses on completed properties held for sale and properties under development		500,489	46,059
Net impairment losses on completed properties held for sale and properties under development	6	(154,516)	(1,666,138)
Gross profit/(loss) after impairment losses on completed properties held for sale and properties under development		345,973	(1,620,079)
Selling and marketing expenses	6	(135,297)	(56,034)
Administrative expenses	6	(76,176)	(86,824)
Net impairment losses on financial assets		(95,588)	(60,051)
Other income	7	590	10,869
Other expenses	8	(20,094)	(2,410)
Other losses – net	9	(42,991)	(162,970)
Operating loss		(23,583)	(1,977,499)
Finance costs	11	(32,948)	(13,916)
Finance income	11	1,213	4,027
Finance costs – net	11	(31,735)	(9,889)
Share of profit/(loss) of investments accounted for using the equity method	16	94	(9,167)
Loss before income tax		(55,224)	(1,996,555)
Income tax expense	12	(77,351)	(146,053)
Loss for the year		(132,575)	(2,142,608)
Loss attributable to:			
Owners of the Company		(344,100)	(1,835,407)
Non-controlling interests		211,525	(307,201)
		(132,575)	(2,142,608)
Other comprehensive loss for the year			
Item that may be reclassified to profit or loss			
– Currency translation differences		(38,358)	(19,289)
Other comprehensive loss for the year, net of tax		(38,358)	(19,289)
Total comprehensive loss for the year		(170,933)	(2,161,897)
Total comprehensive loss attributable to:			
Owners of the Company		(382,458)	(1,854,696)
Non-controlling interests		211,525	(307,201)
		(170,933)	(2,161,897)
Losses per share (expressed in RMB per share)			
– Basic and diluted losses per share	13	(0.21)	(1.11)

The notes on pages 99 to 200 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	As at 31 December	
		2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	216,419	289,448
Right-of-use assets	18	84,612	89,503
Investment properties	19	50,200	156,151
Intangible assets	20	1,964	2,774
Other receivables	23	11,306	11,578
Deferred income tax assets	15	230,467	261,917
Investments accounted for using the equity method	16	739	645
		595,707	812,016
Current assets			
Inventories		515	914
Contract costs	5	64,633	150,899
Properties under development	21	2,805,918	5,375,845
Completed properties held for sale	22	2,178,066	2,150,865
Trade and other receivables and prepayments	23	961,806	1,183,343
Prepaid taxes	24	199,114	165,973
Restricted cash	25	133,757	339,242
Cash and cash equivalents	26	21,175	125,006
		6,364,984	9,492,087
Asset classified as held for sale	19	6,049	—
		6,371,033	9,492,087
Total assets		6,966,740	10,304,103

Consolidated Statement of Financial Position (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

		As at 31 December	
	Notes	2024 RMB'000	2023 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	27	14,746	14,746
Other reserves	28	1,171,954	1,528,541
Accumulated losses	28	(1,500,144)	(1,150,873)
		(313,444)	392,414
Non-controlling interests	36	1,428,801	1,163,712
Total equity		1,115,357	1,556,126
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	15	294,883	239,045
Bank and other borrowings	29	580,000	29,000
Lease liabilities	34	63,704	66,111
		938,587	334,156
Current liabilities			
Bank and other borrowings	29	2,672,539	3,173,236
Trade and other payables	30	1,448,333	1,520,889
Contract liabilities	5	419,514	3,330,169
Lease liabilities	34	9,677	4,639
Current income tax liabilities		362,733	384,888
		4,912,796	8,413,821
Total liabilities		5,851,383	8,747,977
Total equity and liabilities		6,966,740	10,304,103

The notes on pages 99 to 200 form an integral part of these consolidated financial statements.

The financial statements on pages 94 to 200 were approved by the Board of Directors on 26 March 2025 and were signed on its behalf.

CHAN Sze Ming Michael
Director

LIU Huaxi
Director

Consolidated Statement of Changes in Equity

(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company					
	Share capital RMB'000	Other reserves RMB'000	Retained earnings (accumulated losses) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2023	14,746	1,546,983	685,381	2,247,110	1,470,913	3,718,023
Comprehensive loss						
– Loss for the year	–	–	(1,835,407)	(1,835,407)	(307,201)	(2,142,608)
– Other comprehensive loss	–	(19,289)	–	(19,289)	–	(19,289)
Total comprehensive loss	–	(19,289)	(1,835,407)	(1,854,696)	(307,201)	(2,161,897)
Transactions with owners in their capacity as owners:						
Transfer to statutory reserves	–	847	(847)	–	–	–
Total transactions with owners	–	847	(847)	–	–	–
Balance at 31 December 2023	14,746	1,528,541	(1,150,873)	392,414	1,163,712	1,556,126
Balance at 1 January 2024	14,746	1,528,541	(1,150,873)	392,414	1,163,712	1,556,126
Comprehensive loss						
– Loss for the year	–	–	(344,100)	(344,100)	211,525	(132,575)
– Other comprehensive loss	–	(38,358)	–	(38,358)	–	(38,358)
Total comprehensive loss	–	(38,358)	(344,100)	(382,458)	211,525	(170,933)
Transactions with owners in their capacity as owners:						
Transfer to statutory reserves	–	5,171	(5,171)	–	–	–
Capital injections from non-controlling interests (Note 36)	–	–	–	–	53,564	53,564
Release of capital reserves	–	(323,400)	–	(323,400)	–	(323,400)
Total transactions with owners	–	(318,229)	(5,171)	(323,400)	53,564	(269,836)
Balance at 31 December 2024	14,746	1,171,954	(1,500,144)	(313,444)	1,428,801	1,115,357

The notes on pages 99 to 200 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	Year ended 31 December	
		2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash generated from operations	31(a)	10,007	693,356
Income tax paid		(17,494)	(42,233)
Interest paid		(97,595)	(279,062)
Net cash (used in)/generated from operating activities		(105,082)	372,061
Cash flows from investing activities			
Net cash inflow from disposal of subsidiaries, net of cash disposed of		–	676
Purchase of property, plant and equipment		(118)	(891)
Proceeds from disposal of property, plant and equipment		99,714	25
Proceeds from disposal of investment properties		43,972	61,703
Repayments from related parties		–	134,893
Cash advanced to related parties and non-controlling interests		(41,655)	(67,462)
Proceeds from disposal of associates		–	121,305
Purchases of financial assets at fair value through profit or loss		–	(40,016)
Proceeds from disposal of financial assets at fair value through profit or loss		–	40,028
Interest received		1,213	4,027
Net cash generated from investing activities		103,126	254,288
Cash flows from financing activities			
Proceeds from borrowings	31(c)	89,000	15,406
Repayments of borrowings	31(c)	(229,324)	(482,854)
Repayments to non-controlling interests and their related parties		(17,905)	(242,016)
Capital injections from non-controlling interests		53,564	–
Decrease in restricted cash for securing bank borrowings		5,356	20,500
Lease payments	31(c)	(3,264)	(3,149)
Net cash used in financing activities		(102,573)	(692,113)
Net decrease in cash and cash equivalents		(104,529)	(65,764)
Exchange gain on cash and cash equivalents		698	3,745
Cash and cash equivalents at beginning of year		125,006	187,025
Cash and cash equivalents at end of year	26	21,175	125,006

The notes on pages 99 to 200 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

(All amounts in RMB Yuan thousands unless otherwise stated)

1 General information

The Company was incorporated in the Cayman Islands on 2 November 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket square, Hutchins Drive, PO Box 2618, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "**Group**") are principally engaged in property development, property management, hotel operations and commercial property investment in the People's Republic of China (the "**PRC**").

The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 5 December 2019.

These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2 Summary of material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Compliance with HKFRS and the disclosure requirements of HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") and requirements of the Hong Kong Companies Ordinance Cap. 622 ("**HKCO**").

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties which are carried at fair value and financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.1 Basis of preparation (continued)

(c) Going concern basis

For the year ended 31 December 2024, the Group recorded a net loss of RMB133 million and a net cash outflow of RMB104 million. As at 31 December 2024, the Group had total bank and other borrowings of RMB3,253 million, of which RMB2,673 million were current bank and other borrowings repayable within 12 months, while the Group's cash and cash equivalents amounted to RMB21 million and restricted cash amounted to RMB134 million only.

As at 31 December 2024, certain borrowings of RMB552 million and interest payables of RMB29 million, relating to borrowings with a total principal amount of RMB736 million, were overdue (the “**Defaulted Borrowings**”). As a result of such default, the principal amount of borrowings of RMB588 million, were considered as cross-default. The aggregate principal amount of the aforesaid borrowings of RMB1,324 million would be immediately repayable if requested by the lenders. This amount included borrowings of RMB398 million with original contractual repayment dates beyond 31 December 2025 which have been reclassified as current liabilities as at 31 December 2024.

Subsequent to 31 December 2024, the Group failed to settle certain borrowings with aggregated principal amount of RMB544 million and breached certain of the terms of the bank loan, which are primarily related to an asset under forced auction by court, of RMB211 million (the “**Subsequent Defaulted Borrowings**”). Such overdue amount also form part of the defaulted and cross defaulted borrowings mentioned above.

Due to the slow down of Mainland China property market in 2024, the Group's operations had experienced a decline in the business of property development and sales. The pre-sales and sales volumes, amounts and collection of pre-sale and sales proceeds continue to decrease which give rise to certain pressure on the Group's liquidity.

The business of the Group is subject to extensive governmental regulations and macro-economic control measures of the real estate sector implemented by the People's Republic of China (“**PRC**”) government from time to time, and some of these policies and measures may have unfavourable impact to the working capital available to the Group. In addition, the Group has committed construction cost payable for the projects which have properties sold under pre-sale arrangement that is scheduled to delivery to the customers within next twelve months.

All of the above conditions indicated the existence of multiple uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company (the “**Directors**”) have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern.

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.1 Basis of preparation (continued)

(c) Going concern basis (continued)

The following plans and measures have been taken to mitigate the liquidity pressure, to improve its financial position:

- (i) In respect of Defaulted Borrowings and Subsequent Defaulted Borrowings, the Group has been actively negotiating with all the lenders for renewal and extension for repayments of the defaulted borrowings. Out of the Defaulted Borrowings, the Group has successfully extended the repayment terms of loans with principal amount of RMB105 million. The Directors are confident that such lenders will not exercise their rights to demand the Group's immediate repayment of the borrowings and the Group will reach final agreements and waiver with such lenders in due course;
- (ii) The Group has maintained active communication with other relevant lenders in respect of the Defaulted Borrowings. Based on latest communication, the Directors are confident to convince the relevant lenders not to exercise their rights to demand immediate repayment of these borrowings prior to their scheduled contractual repayment dates;
- (iii) In January 2025, the Group successfully exchanged its senior notes with an aggregate principal amount of US\$159 million (equivalent to RMB1,145 million) due on 9 January 2025 with a newly issued senior note amounted to US\$174 million due on 6 January 2026 (the "**New Senior Notes**"). For further details of the exchange, please refer to note 39;
- (iv) The Group will continue to actively adjust pre-sales and sales activities to better respond to market needs, and make efforts to achieve the latest budgeted pre-sales and sales volumes and amounts. The Group will continue to implement plans and measures to accelerate the pre-sales and sales of its properties under development and completed properties held for sale, and to speed up the collection of outstanding sales proceeds;
- (v) As at 31 December 2024, the Group's restricted cash amounted to RMB134 million, which mainly represented the restricted pre-sale proceeds in designated bank accounts and can be used to settle certain construction payables or project loans subject to the approval of the PRC State-Owned Land and Resource Bureau. The Group will closely monitor the process of construction of its property development projects to ensure that construction and related payments are fulfilled, the relevant properties sold under pre-sale arrangement are completed and delivered to the customers on schedule as planned, so that the Group is able to release restricted cash to meet its other financial obligations; and
- (vi) The Group will also continue to seek for other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating expenditure.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.1 Basis of preparation (continued)

(c) Going concern basis (continued)

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2024. In the opinion of the Directors, in light of the above and taking into account the anticipated cash flows to be generated from the Group's operations as well as the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2024. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial information on a going concern basis.

Notwithstanding the above, multiple uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cashflows through:

- (i) Successful negotiations with the Group's existing lenders in respect of the borrowings that were either in default or otherwise in cross default, so that the relevant lenders will not exercise their contractual rights to demand immediate repayment of the relevant defaulted borrowings or cross-defaulted borrowings and grant the relevant waiver to the Group;
- (ii) Continuous compliance the terms and conditions of the bank and other borrowings and, where applicable, successful negotiation with the lenders to obtain waiver or to revise the terms and conditions of the borrowings for the continuous compliance thereof as and when needed;
- (iii) Successful and timely extension and renewal of its bank and other borrowings, upon maturity as well as obtaining new financing from financial institutions as and when needed. The Group's ability to obtain these financing depends on (1) current and ongoing regulatory environments and how the relevant policies and measures might affect the Group and/or the relevant financial institutions; (2) whether the lenders of existing borrowings agree the terms and conditions for such extension or renewal; and (3) the Group's ability to continuously comply with the relevant terms and conditions of its bank and other borrowings;
- (iv) Successful adjustment of pre-sales and sales activities to achieve budgeted pre-sales and sales volumes and amounts, and successful implementation of the plans and measures to accelerate the pre-sales and sales of properties under developments and completed properties held for sale, and timely collection of the relevant sales proceeds;
- (v) Successful completion and delivery of properties to the customers on schedule such that restricted pre-sale proceeds in the designated bank accounts will be released to the Group to meet its other financial obligations as planned; and
- (vi) Successful in obtaining other additional sources of financing other than those mentioned above as and when needed.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.1 Basis of preparation (continued)

(c) Going concern basis (continued)

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for 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 these consolidated financial statements.

(d) New standards, amended standards and interpretation adopted by the Group

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of new and amended standards and interpretation did not have any material impact on the consolidated financial statements of the Group.

(e) New and amended standards and interpretations not yet adopted

The following amendments to accounting standards and interpretation have been published that are not mandatory for the year ended 31 December 2024 and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.2 Subsidiaries

2.2.1 Consolidation

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

(a) *Business combination*

Business combinations not under common control

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) *Business combination (continued)*

Business combinations not under common control (continued)

The consolidated financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control consolidation.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or business are eliminated on consolidation.

(b) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions—that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.2 Separate financial statements

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

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

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

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

The Group's share of post-acquisition profit or loss is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "Share of profit of investments accounted for using the equity method" in the statement of comprehensive income.

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.3 Associates (continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Gains or losses on dilution of equity interest in associates are recognised in profit or loss.

2.4 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depend on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in joint ventures, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in joint ventures equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognise the amount adjacent to "Share of profit of investments accounted for using the equity method" in profit or loss.

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). The consolidated financial statements is presented in RMB, which is the Group’s presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss, within “Finance costs – net”. All other foreign exchange gains and losses are presented in profit or loss on a net basis within “Other losses – net”.

Changes in the fair value of debt securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

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

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.6 Foreign currency translation (continued)

(c) Group companies

The results and financial positions of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at closing rate. Exchange differences arising are recognised in other comprehensive income.

2.7 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Buildings	20-70 years
Vehicles and machinery	3-5 years
Others	3-10 years

Buildings mainly comprise office buildings and hotel buildings.

Furniture, fittings and equipment include assets received in the form of free store fit outs are recognised at their fair value. These assets and other leasehold improvements are depreciated over the shorter of their useful life or the lease term, unless the entity expects to use the assets beyond the lease term.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.7 Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other losses – net" in profit or loss.

Assets under construction are stated at historical cost less any impairment loss. Historical cost includes expenditure that is directly attributable to the development of the assets which comprises construction costs, amortisation of lands during the construction period, borrowing costs on qualifying assets and professional fees incurred during the development period. On completion, the assets are transferred to buildings within property, plant and equipment.

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

2.8 Intangible assets

Intangible assets mainly comprised computer software, which are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 2 to 5 years. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

2.9 Investment properties

Investment properties are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. They also include properties that are being constructed or developed for future use as investment properties. Land held under leases are accounted for as investment properties when the rest of the definition of an investment property is met. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value, representing open market value determined at each statement of financial position date by external valuer. Property that is being constructed or developed for future use as investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flows projections. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.9 Investment properties (continued)

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract.
- The stage of completion.
- Whether the project/property is standard (typical for the market) or non-standard.
- The level of reliability of cash inflows after completion.
- The development risk specific to the property.
- Past experience with similar constructions.
- Status of construction permits.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land, if any, classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values of investment property are recognised as "Other losses – net" in the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.9 Investment properties (continued)

Completed properties held for sale are transferred to investment properties when it is evidenced by a change in use. Any difference between the fair value of the property at the date of transfer and its previous carrying amount shall be recognised in profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under HKAS 16. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and charged directly to revaluation reserves within equity. Any resulting decrease in the carrying amount of the property is charged to the profit or loss.

2.10 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

2.11 Inventories

Inventories mainly comprise hotel goods, which are stated at the lower of cost and net realisable value. Cost is determined using the weighted average costs method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.12 Properties under development and completed properties held for sale

2.12.1 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property mainly comprises cost of land use rights, construction costs, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

If a property under development becomes owner-occupied, it is reclassified as property, plant and equipment. A property under development for future use as investment property is classified as investment property under construction when there is evidence of commencement of an operating lease to another party.

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

2.12.2 Completed properties held for sale

Completed properties remaining unsold at reporting period end are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

Write-down of properties under development and completed properties held for sale to net realisable value are recorded as "Net impairment losses on completed properties held for sale and properties under development" in the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.13 Investments and other financial assets

2.13.1 Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.13.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.13.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of comprehensive income.

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.13 Investments and other financial assets (continued)

2.13.3 Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost is measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statement of comprehensive income within "Other losses – net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of comprehensive income. Dividends from such investments continue to be recognised in the consolidated statement of comprehensive income as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in "Other losses – net" in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.14 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the contract assets and trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables, cash and cash equivalents (excluding cash on hand) and restricted cash are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.15 Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

2.16 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.17 Land use rights under properties under development and completed properties held for sale

Land use rights acquired and held for development for sale are inventories and measured at lower of cost and net realisable value, of which those within normal operating cycle are included in properties under development or completed properties held for sale.

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.18 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition. Non-current assets are not depreciated or amortised while they are classified as held for sale.

2.19 Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 23 for further information about the Group's accounting for trade and other receivables and Note 3.1 for a description of the Group's impairment policies.

2.20 Contract assets and liabilities and costs for obtaining contracts

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining conditional rights to consideration exceeds the satisfied performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognises the incremental costs of obtaining a contract with a customer within contract costs if the Group expects to recover these costs.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.21 Cash and cash equivalents, restricted cash

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank deposits which are restricted to use are included in “Restricted cash”. Restricted cash is excluded from cash and cash equivalents in the consolidated statement of cash flows.

2.22 Share capital

Ordinary shares are classified as equity.

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

2.23 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payable are presented as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.24 Borrowings

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

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

Borrowings are removed from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.25 Borrowing costs

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

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

Other borrowing costs are expensed in the period in which they are incurred.

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.

2.26 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the countries where the Group's entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.26 Current and deferred income tax (continued)

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates and joint ventures. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred income tax liability in relation to taxable temporary differences arising from the joint venture's or associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.27 Employee benefits

(a) Pension obligations

The Group only operates defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(b) Housing funds, medical insurances and other social insurances

PRC employees of the Group are entitled to participate in various government supervised housing funds, medical insurance and other social insurance plan. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(d) Mandatory Provident Fund Scheme (the "MPF Scheme")

The Group has arranged for its Hong Kong employees to join the MPF, a defined contribution scheme managed by independent trustee. Under the MPF Scheme, the group companies in Hong Kong (the employer) and its employee make monthly contributions to the scheme at certain percentage of the employee's earnings as defined under the Mandatory Provident Fund Legislation.

2.28 Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.28 Provisions and contingent liabilities (continued)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.29 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties in the PRC and services in the ordinary course of the Group's activities. Revenue is shown net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when specific criteria have been met for each of the Group's activities, as described below.

(a) Sales of properties

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant. For property development and sales contracts 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 present right to payment and the collection of the consideration is probable.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised and subsequently amortised when the related revenue is recognised.

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.29 Revenue recognition (continued)

(b) Hotel operations

Revenue from hotel operations is recognised in the accounting period in which the services are rendered.

(c) Rental income

Rental income is recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

(d) Property management

Revenue from rendering of property management services is recognised in the accounting period in which the related services are rendered.

(e) Construction services

For construction services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

(f) Financial components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

2.30 Dividend income

Dividends are recognised as other income when the right to receive payment is established.

2.31 Leases

The Group leases various lands and buildings. Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.31 Leases (continued)

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

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

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

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

To determine the incremental borrowing rate, the Group

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.31 Leases (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis over the lease term as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

There is no COVID-19-related rent concessions such as rent holidays and temporary rent reductions for the year ended 31 December 2024.

(a) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable upon fulfilment of certain notice period. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise such options. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (Note 5). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.32 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised by the Company's shareholders or directors, when appropriate, and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.33 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 *Financial Instruments*; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 *Revenue from Contracts with Customers*.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.34 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(b) Diluted earnings per share

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

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

2 Summary of material accounting policies (continued)

2.35 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

2.36 Interest income

Interest income from financial assets at fair value through profit or loss is included in the net fair value gains/(losses) on these assets.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risks), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1 Financial risk factors

3.1.1 Market risk

(a) Foreign exchange risk

The Group's businesses are principally conducted in RMB. The monetary assets and liabilities of the Group's subsidiaries in the PRC are mainly denominated in RMB and the foreign exchange risk is immaterial. The non-PRC subsidiaries' functional currency is Hong Kong Dollar ("HK\$"). As at 31 December 2024 and 2023, major non-HK\$ assets and liabilities of the non-PRC subsidiaries are cash and cash equivalents, restricted cash, other receivables, borrowings and other payables, which are denominated in RMB or US\$. Fluctuation of the exchange rate of HK\$ against RMB or US\$ could affect the Group's results of operations.

The Group has not entered into any forward exchange contracts to hedge its exposure to foreign exchange risk. However, management of the Group monitors foreign exchange risk exposure and will consider hedging significant foreign exchange risk exposure should the need arise.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.1 Market risk (continued)

(a) Foreign exchange risk (continued)

The carrying amount of non-PRC subsidiaries' foreign currency denominated monetary assets and liabilities at the respective dates of consolidated statements of financial position are as follows:

Financial assets	As at 31 December	
	2024 RMB'000	2023 RMB'000
RMB	128,847	120,009
US\$	1,158	1,133
	130,005	121,142

Financial liabilities	As at 31 December	
	2024 RMB'000	2023 RMB'000
RMB	302,500	302,500
US\$	1,243,852	1,111,920
	1,546,352	1,414,420

The following table shows the sensitivity analysis of a 5% change in HK\$ against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% strengthened/weakened in HK\$ against the relevant currencies, the effects of post tax profit for the year are as follows:

	Increase/(decrease) in post-tax profit for the year	
	2024 RMB'000	2023 RMB'000
HK\$ against RMB:		
Strengthened by 5%	7,250	7,619
Weakened by 5%	(7,250)	(7,619)

	Increase/(decrease) in post-tax profit for the year	
	2024 RMB'000	2023 RMB'000
HK\$ against US\$:		
Strengthened by 5%	51,882	46,375
Weakened by 5%	(51,882)	(46,375)

The aggregate net foreign exchange gains recognised in profit or loss were RMB5,412,000 (2023: net foreign exchange losses of RMB3,636,000).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.1 Market risk (continued)

(b) Cash flow and fair value interest rate risks

The Group's main interest rate risks arise from long-term borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Borrowings obtained at floating rates expose the Group to cash flow interest rate risk which is partially offset by cash held at floating rates. During 2024 and 2023, the Group's borrowings at variable rate were mainly denominated in RMB and HK\$.

The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arises.

As at 31 December 2024, bank and other borrowings of the Group bearing floating interest rates amounted to approximately RMB1,619,600,000 (2023: RMB1,684,160,000).

The table below summarises the impact of changes in interest rate as at 31 December 2024 and 2023 with all other variables held at constant on the Group's post-tax profit for the year without taking into account interest capitalisation.

	(Decrease)/Increase in Post-tax profit for the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Interest rate of bank and other borrowings at variable rates – increase 0.5% (2023: 0.5%)	(6,074)	(6,316)
Interest rate of bank and other borrowings at variable rates – decrease 0.5% (2023: 0.5%)	6,074	6,316

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk

The Group has no concentrations on credit risk. The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and cash equivalents (excluding cash on hand), restricted cash, trade receivables, other receivables and contract costs shown in the consolidated statement of financial position.

Cash transactions are limited to high credit quality institutions. Deposits are only placed with reputable banks.

For the trade receivables arising from sales of properties, the Group closely monitors repayment progress of the customers in accordance with the terms as specified in the enforceable contracts. The Group has set up policies to ensure follow-up action is taken to recover overdue debts. The Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 50% to 70% of the total purchase price of the properties. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the property sales proceeds received from the customers and sell the property to recover any amounts paid by the Group to the bank. In this regard, the Directors consider that the Group's credit risk is minimal. Detailed disclosure of these guarantees is made in Note 32. The Group managed the credit risk by fully receiving cash or properly arranging the purchasers' mortgage loans financing procedures before delivery of properties unless strong credit records of the customers could be established. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

For the trade receivables arising from construction services, the Group has assessed of the credit quality of the customers in order to minimise the credit risk, taking into account their financial position, past experience and other factors to ensure that follow-up action is taken to recover long aged debts.

For other receivables, the Group assessed the credit quality of the counter parties by taking into account their financial position, credit history and other factors. Management also regularly reviews the recoverability of these receivables, follows up the disputes or amounts overdue, if any, and ensures that adequate loss allowances are made for these receivables.

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

(a) Trade receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables from third parties and related parties.

To measure the expected credit losses of trade receivables, trade receivables have been grouped based on shared credit risk characteristics and the days of initial recognition. The expected credit losses also incorporate forward-looking information, includes industrial value-added, M2, Producer Price Index and so on.

Trade receivables with significant increase in credit risk or credit-impaired are assessed individually for impairment allowances and are written off when there is no reasonable expectation of recovery. Indicators of significant increase in credit risk or credit impairment include, amongst others, the failure of a debtor engage in a repayment plan with the Group, and a failure to make contractual payments. Trade receivables that have not had a significant increase in credit risk since initial recognition or that have low credit risk are assessed on a collective basis based on shared credit risk characteristics.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

(a) Trade receivables (continued)

The cost and loss allowance provision for trade receivables are categorised as follows for assessment purpose:

Individual: Trade receivables with significant increase in credit risk or credit-impaired

Collective: Other trade receivables

	Trade receivables			
	2024		2023	
	Cost RMB'000	Loss allowance RMB'000	Cost RMB'000	Loss allowance RMB'000
Individual:				
– Trade receivables with significant increase in credit risk or credit-impaired	21,473	21,473	29,502	13,213
Collective:				
– Other trade receivables	19,502	800	12,604	144
	40,975	22,273	42,106	13,357

	Trade receivables	
	2024 RMB'000	2023 RMB'000
Opening loss allowance as at 1 January	13,357	426
Increase in loss allowance recognised in profit or loss during the year	8,916	12,931
Closing loss allowance as at 31 December	22,273	13,357

For the year ended 31 December 2024, the average expected loss rate on the gross carrying amount of trade receivables was 54% (2023: 32%).

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

(b) Other receivables

Other financial assets at amortised cost include other receivables from third parties and related parties.

For other receivables, the Group assessed the credit quality of the counter parties by taking into account their financial position, credit history and other factors. The other receivables are mainly due from minority interests and related parties, deposits for acquisition of the land use rights and property development projects and others. Management also regularly reviews the recoverability of these receivables, follows up the disputes or amounts overdue, if any, and ensures that adequate loss allowances are made for these receivables. As at 31 December 2024, the Group recognised a loss allowance of approximately RMB151,083,000 (2023: RMB67,688,000) for these receivables.

The Group uses three categories for other receivables which reflect their risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected credit losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition	Lifetime expected credit losses
Stage three	Receivables for which there is credit loss since initial recognition	Lifetime expected credit losses

The Group accounts for its credit risk by appropriately providing for expected losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

(b) Other receivables (continued)

As at 31 December 2024 and 2023, the loss allowance was determined as follows for other receivables:

	Other receivables from non- controlling interests RMB'000	Other receivables from related parties RMB'000	Other receivables from third parties RMB'000	Total RMB'000
As at 31 December 2024				
Stage one				
Carry amount of other receivables	-	-	434,383	434,383
Expected credit loss rate	-	-	1.63%	1.63%
Loss allowance	-	-	(7,062)	(7,062)
Other receivables – net	-	-	427,321	427,321
Stage two				
Carry amount of other receivables	133,549	4,317	4,003	141,869
Expected credit loss rate	9.48%	35.60%	22.01%	10.63%
Loss allowance	(12,658)	(1,537)	(881)	(15,076)
Other receivables – net	120,891	2,780	3,122	126,793
Stage three				
Carry amount of other receivables	190,030	51,943	9,344	251,317
Expected credit loss rate	35.60%	100%	100%	51.31%
Loss allowance	(67,658)	(51,943)	(9,344)	(128,945)
Other receivables – net	122,372	-	-	122,372

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

(b) Other receivables (continued)

	Other receivables from non- controlling interests RMB'000	Other receivables from related parties RMB'000	Other receivables from third parties RMB'000	Total RMB'000
As at 31 December 2023				
Stage one				
Carry amount of other receivables	415,300	51,943	170,991	638,234
Expected credit loss rate	1.86%	1.86%	1.15%	1.67%
Loss allowance	(7,731)	(967)	(1,960)	(10,658)
Other receivables – net	407,569	50,976	169,031	627,576
Stage two				
Carry amount of other receivables	–	–	101,170	101,170
Expected credit loss rate	–	–	15.59%	15.59%
Loss allowance	–	–	(15,774)	(15,774)
Other receivables – net	–	–	85,396	85,396
Stage three				
Carry amount of other receivables	194,341	–	–	194,341
Expected credit loss rate	21.23%	–	–	21.23%
Loss allowance	(41,256)	–	–	(41,256)
Other receivables – net	153,085	–	–	153,085

The loss allowance provision for other receivables as at 31 December 2024 and 2023 reconcile to the opening loss allowance for that provision as follows:

	Other receivables	
	2024 RMB'000	2023 RMB'000
Opening loss allowance as at 1 January	67,688	42,587
Increase in loss allowance recognised in profit or loss during the year	83,395	25,101
Closing loss allowance as at 31 December	151,083	67,688

For the year ended 31 December 2024, the average expected loss rate on the gross carrying amount of other receivables was 22% (2023: 7%).

As at 31 December 2024 and 2023, the maximum exposure to loss of trade and other receivables were the carrying amounts.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

(c) Financial guarantee

As at 31 December 2024 and 2023, the provision for expected credit loss allowance on financial guarantees was determined as follows.

	Financial guarantee			
	2024		2023	
	Gross carrying amount RMB'000	Loss allowance RMB'000	Gross carrying amount RMB'000	Loss allowance RMB'000
Individual:				
– Financial guarantee for a joint venture with credit risk exposure	344,683	25,296	355,400	22,019
	344,683	25,296	355,400	22,019

	Financial guarantee	
	2024 RMB'000	2023 RMB'000
Opening loss allowance as at 1 January	22,019	–
Increase in loss allowance recognised in profit or loss during the year	3,277	22,019
Closing loss allowance as at 31 December	25,296	22,019

For the year ended 31 December 2024, the average expected loss rate on the gross carrying amount of the financial guarantee was 7% (2023: 6%).

(d) Credit risk on other financial assets other than trade receivables, other receivables and financial guarantee

The Group expects that there is no significant credit risk associated with cash and cash equivalents (excluding cash on hand), restricted cash and contract costs, management does not expect that there will be any significant losses from non-performance by these counterparties.

3.1.3 Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through contract liabilities and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholders and related parties. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.3 Liquidity risk (continued)

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include reducing land acquisition, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing and seeking joint venture partners to develop projects. The Group will pursue such options basing on its assessment of relevant future costs and benefits. The Directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

The table below sets out the Group's financial liabilities by relevant maturity grouping at each statement of financial position date. The Group's bank and other borrowings maturing within one year include principal and interest that accrue until either their repayment date or at 31 December 2024. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
As at 31 December 2024					
Bank and other borrowings	2,777,800	607,491	-	-	3,385,291
Trade and other payables, excluding salaries payable and other taxes payable	1,344,684	-	-	-	1,344,684
Lease liabilities	19,889	4,098	9,718	122,451	156,156
	4,142,373	611,589	9,718	122,451	4,886,131
	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
As at 31 December 2023					
Bank and other borrowings	3,256,043	70,033	22,242	-	3,348,318
Trade and other payables, excluding salaries payable and other taxes payable	1,311,981	-	-	-	1,311,981
Lease liabilities	15,481	5,643	10,144	125,326	156,594
	4,583,505	75,676	32,386	125,326	4,816,893

The Group also provides guarantees to secure repayment obligations of certain purchasers of the Group's property units and related parties, which will have contractual cash flows only if the guaranteed purchasers and/or the related parties default on the repayment (Note 32).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management (continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the owner and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or sell assets to reduce debt.

The Group monitors capital on the basis of the net gearing ratio. Net gearing ratio represents the ratio of net debts (total borrowings net of cash and cash equivalents and restricted cash) divided by total equity as of the end of the respective year.

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Total borrowings	3,252,539	3,202,236
Less: cash and cash equivalents	(21,175)	(125,006)
restricted cash	(133,757)	(339,242)
Net debts	3,097,607	2,737,988
Total equity	1,115,357	1,556,126
Net gearing ratio	277.7%	175.9%

Increase in net gearing ratio as at 31 December 2024 was mainly due to the decrease in total equity.

3.3 Financial instruments by category

	At 31 December 2024 Assets at amortised cost RMB'000
Assets as per consolidated statement of financial position	
Trade and other receivables (excluding prepayments)	695,188
Restricted cash	133,757
Cash and cash equivalents	21,175
Total	850,120

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

3 Financial risk management (continued)

3.3 Financial instruments by category (continued)

	At 31 December 2023
	Assets at amortised cost RMB'000
Assets as per consolidated statement of financial position	
Trade and other receivables (excluding prepayments)	894,806
Restricted cash	339,242
Cash and cash equivalents	125,006
Total	1,359,054

	At 31 December 2024
	Liabilities at amortised cost RMB'000
Liabilities as per consolidated statement of financial position	
Bank and other borrowings	3,252,539
Lease liabilities	73,381
Trade and other payables (excluding salaries payable and other taxes payable)	1,344,684
Total	4,670,604

	At 31 December 2023
	Liabilities at amortised cost RMB'000
Liabilities as per consolidated statement of financial position	
Bank and other borrowings	3,202,236
Lease liabilities	70,750
Trade and other payables (excluding salaries payable and other taxes payable)	1,311,981
Total	4,584,967

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

4 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Estimates for net realisable value of properties under development and completed properties held for sale

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their net realisable value based on the realisability of these properties. Net realisable value for properties under development is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion (including land costs). Net realisable value for completed properties held for sale is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. Based on management's best estimates, the impairment of properties under development and completed properties held for sale are disclosed in Note 21 and Note 22.

(b) Fair value of investment properties

The Group assesses the fair value of its investment properties based on assessments determined by an independent and professional qualified valuer.

The best evidence of fair value of investment properties is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flows projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from 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 fair value losses from investment properties are disclosed in Note 19.

(All amounts in RMB Yuan thousands unless otherwise stated)

4 Critical accounting estimates and judgements (continued)

(c) Income taxes and deferred taxation

The Group is subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the year in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and income tax expenses or other comprehensive income in the periods in which such estimate is changed.

(d) PRC land appreciation tax ("LAT")

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

The Group is subject to LAT in the PRC. However, the implementation and settlement of LAT varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its LAT calculation and payments with local tax authorities in the PRC for most of its properties projects. Accordingly, judgement is required in determining the amount of the land appreciation taxes. The Group recognised LAT based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and tax provisions in the periods in which such taxes have been finalised with local tax authorities.

(e) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.

5 Revenue and segment information

(a) Description of segments and principal activities

The executive directors, as the CODM of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group is organised into four business segments: property development and sales, commercial property investment, hotel operations and property management.

As the CODM considers most of the Group's consolidated revenue and results are attributable to the market in the PRC, and the Group's consolidated non-current assets are substantially located in the PRC, no geographical information is presented.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

5 Revenue and segment information (continued)

(b) Segment performance

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

	Property development and sales	Commercial property investment	Hotel operations	Property management	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	3,323,347	–	58,938	45,816	3,428,101
Recognised at a point in time	3,323,347	–	–	–	3,323,347
Recognised over time	–	–	58,938	45,816	104,754
Revenue from other sources: rental income	–	5,946	–	–	5,946
Inter-segment revenue	–	(3,481)	(329)	(3,563)	(7,373)
Revenue from external customers	3,323,347	2,465	58,609	42,253	3,426,674
Gross profit/(loss) before impairment losses on completed properties held for sale and properties under development	501,598	560	(982)	(687)	500,489
Net impairment losses on completed properties held for sale and properties under development	(154,516)	–	–	–	(154,516)
Gross profit/(loss) after impairment losses on completed properties held for sale and properties under development	347,082	560	(982)	(687)	345,973
Selling and marketing expenses					(135,297)
Administrative expenses					(76,176)
Net impairment losses on financial assets					(95,588)
Other income					590
Other expenses					(20,094)
Other losses – net					(42,991)
Finance costs – net					(31,735)
Share of profit of investments accounted for using the equity method (Note 16)	94	–	–	–	94
Loss before income tax					(55,224)
Income tax expense					(77,351)
Loss for the year					(132,575)
Depreciation and amortisation recognised as expenses	8,763	–	12,664	216	21,643
Fair value losses on investment properties – net (Note 19)	–	(12,249)	–	–	(12,249)
Segment assets	6,571,329	60,558	81,039	23,347	6,736,273
Segment assets include:					
Investments accounted for using the equity method (Note 16)	739	–	–	–	739
Additions to non-current assets (other than financial instruments and deferred income tax assets)	15	–	77	26	118
Segment liabilities	1,819,357	14,873	82,700	24,298	1,941,228

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

5 Revenue and segment information (continued)

(b) Segment performance (continued)

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2023 is as follows:

	Property development and sales	Commercial property investment	Hotel operations	Property management	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	402,226	–	72,414	43,096	517,736
Recognised at a point in time	402,226	–	–	–	402,226
Recognised over time	–	–	72,414	43,096	115,510
Revenue from other sources: rental income	–	13,431	–	–	13,431
Inter-segment revenue	–	(8,217)	(108)	(9,380)	(17,705)
Revenue from external customers	402,226	5,214	72,306	33,716	513,462
Gross profit/(loss) before impairment losses on completed properties held for sale and properties under development	43,201	3,886	(4,070)	3,042	46,059
Net impairment losses on completed properties held for sale and properties under development	(1,666,138)	–	–	–	(1,666,138)
Gross (loss)/profit after impairment losses on completed properties held for sale and properties under development	(1,622,937)	3,886	(4,070)	3,042	(1,620,079)
Selling and marketing expenses					(56,034)
Administrative expenses					(86,824)
Net impairment losses on financial assets					(60,051)
Other income					10,869
Other expenses					(2,410)
Other losses – net					(162,970)
Finance costs – net					(9,889)
Share of loss of investments accounted for using the equity method (Note 16)	(9,167)	–	–	–	(9,167)
Loss before income tax					(1,996,555)
Income tax expense					(146,053)
Loss for the year					(2,142,608)
Depreciation and amortisation recognised as expenses	13,432	–	13,860	251	27,543
Fair value losses on investment properties – net (Note 19)	–	(8,404)	–	–	(8,404)
Segment assets	9,623,293	156,151	239,675	23,067	10,042,186
Segment assets include:					
Investments accounted for using the equity method (Note 16)	645	–	–	–	645
Additions to non-current assets (other than financial instruments and deferred income tax assets)	54,878	–	404	45	55,327
Segment liabilities	4,858,068	1,135	24,577	38,028	4,921,808

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

5 Revenue and segment information (continued)

(b) Segment performance (continued)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of comprehensive income.

For the years ended 31 December 2024 and 2023, no single external customer's transaction generated revenue accounting for 10% or more of the Group's total revenue.

(i) Segment assets

The amounts provided to the executive directors with respect to segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

The Group's deferred income tax assets are not considered to be segment assets but rather are managed on a central basis.

Segment assets are reconciled to total assets as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Segment assets	6,736,273	10,042,186
Unallocated:		
– Deferred income tax assets	230,467	261,917
Total assets	6,966,740	10,304,103

(ii) Segment liabilities

The amounts provided to the executive directors with respect to segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's current and deferred income tax liabilities and borrowings are not considered to be segment liabilities but rather are managed on a central basis.

Segment liabilities are reconciled to total liabilities as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Segment liabilities	1,941,228	4,921,808
Unallocated:		
– Current income tax liabilities	362,733	384,888
– Deferred income tax liabilities	294,883	239,045
– Short-term borrowings and current portion of long-term borrowings	2,672,539	3,173,236
– Long-term borrowings	580,000	29,000
Total liabilities	5,851,383	8,747,977

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

5 Revenue and segment information (continued)

(c) Assets and liabilities related to contracts with customers

(i) The Group has recognised the following assets related to contracts with customers:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Sale commissions	64,633	150,899

Management expects the incremental costs, only including sale commissions, as a result of obtaining the property sale contracts are recoverable. The Group has capitalised the amounts and amortised when the related revenue are recognised. For the year ended 31 December 2024, the amount of amortisation was RMB115,976,000 (2023: RMB16,401,000). There was no impairment loss in relation to the costs capitalised.

(ii) The Group has recognised the following liabilities related to contracts with customers:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Contract liabilities related to sales of properties	402,447	3,315,163
Contract liabilities related to others	17,067	15,006
	419,514	3,330,169

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties.

The following table shows how much of the revenue recognised for the years ended 31 December 2024 and 2023 related to carried-forward contract liabilities:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Sales of properties	3,028,401	199,998
Others	12,789	15,579
	3,041,190	215,577

(iii) The amount of unsatisfied performance obligation is approximately the same as the balance of contract liabilities, which are expected to be recognised in 1 to 3 years as at 31 December 2024 and 2023.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

6 Expenses by nature

Expenses by nature included in cost of sales, selling and marketing expenses, administrative expenses and net impairment losses on completed properties held for sale and properties under development are analysed as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Net impairment losses on completed properties held for sale and properties under development (<i>Notes 21 and 22</i>)	154,516	1,666,138
Cost of properties sold – including construction cost, land cost and interest cost	2,800,650	350,007
Employee benefit expenses (including directors' emoluments) (<i>Note 10</i>)	84,169	91,508
Employee benefit expenditure – including directors' emoluments	91,095	102,087
Less: capitalised in properties under development	(6,926)	(10,579)
Commission fees	115,976	16,401
Hotel operations expenses	31,984	42,951
Taxes and levies	22,130	10,126
Advertising costs	12,635	22,267
Entertainment expenses	4,061	7,484
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	21,643	27,543
Professional consulting fees	6,097	2,695
Office and travelling expenses	4,864	5,719
Auditor's remuneration	1,400	3,200
– Audit services	1,260	2,700
– Non-audit services	140	500
Others	32,049	30,360
Total	3,292,174	2,276,399

7 Other income

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Interest income from a related-party	–	9,485
Forfeited customer deposits	100	585
Government grants	319	100
Others	171	699
	590	10,869

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

8 Other expenses

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Penalties	818	768
Compensation	17,683	646
Others	1,593	996
	20,094	2,410

9 Other losses – net

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Losses on disposal of investment properties	(43,681)	(37,866)
Gains/(losses) on disposal of property, plant and equipment	42,606	(7)
Legal expenses related to the compulsory auction of a building	(32,958)	–
Fair value losses on investment properties (Note 19)	(12,249)	(8,404)
Net foreign exchange gains/(losses)	3,365	(5,802)
Losses on disposal of intangible assets	(74)	–
Net impairment losses on right-of-use assets (Note 18)	–	(127,275)
Gains on disposal of associates (Note 16)	–	34,315
Net impairment losses on property, plant and equipment (Note 17)	–	(18,570)
Gains on termination of leases	–	627
Interest on financial assets at fair value through profit or loss	–	12
	(42,991)	(162,970)

10 Employee benefit expenses

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Wages, salaries and bonuses and other benefits	81,293	96,981
Pension costs – statutory pension	9,802	5,106
	91,095	102,087
Less: capitalised in properties under development	(6,926)	(10,579)
	84,169	91,508

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

10 Employee benefit expenses (continued)

(a) Pensions scheme – defined contribution plans

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal governments. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary to the scheme to fund the retirement benefits of the employees.

The Group has arranged for its Hong Kong employees to join the MPF Scheme, a defined contribution scheme managed by independent trustee. Under the MPF Scheme, the group companies in Hong Kong (the employer) and its employees make monthly contributions to the scheme at certain percentage of the employee's earnings as defined under the Mandatory Provident Fund Legislation.

During the years ended 31 December 2024 and 2023, the Group has no forfeited contributions that were able to be utilised by the Group to reduce its contributions.

(b) Five highest paid individuals

Four individuals whose emoluments were the highest in the Group were directors (2023: three), whose emoluments are reflected in the analysis in Note 38. The emoluments payable to the remaining individuals during the years of 2024 and 2023 are as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Basic salaries, housing allowances, share options, other allowances and benefits in kind	730	2,655
Contribution to pension scheme	16	–
Discretionary bonuses	–	–
	746	2,655

The emoluments fell within the following bands:

	Number of individuals Year ended 31 December	
	2024	2023
HK\$500,001 – HK\$1,000,000	1	–
HK\$1,000,001 – HK\$1,500,000	–	1
HK\$1,500,001 – HK\$2,000,000	–	1
	1	2

During the years ended 31 December 2024 and 2023, no emolument was paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

11 Finance costs – net

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Finance costs		
– Interest expense on bank and other borrowings	258,783	282,783
– Interest expense on leases	5,823	550
– Net exchange gains on foreign currency borrowings	(2,047)	(2,166)
Less:		
– Interest capitalised	(229,611)	(267,251)
	32,948	13,916
Finance income		
– Interest income from bank deposits	(1,213)	(4,027)
Finance costs – net	31,735	9,889

12 Income tax expense

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Current income tax:		
– Corporate income tax	2,545	22,109
– Land appreciation tax	(14,681)	(2,709)
	(12,136)	19,400
Deferred income tax:		
– Corporate income tax	89,487	126,653
	77,351	146,053

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

12 Income tax expense (continued)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to loss of the group entities as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Loss before income tax	(55,224)	(1,996,555)
Calculated at tax rate of 25%	(13,806)	(499,139)
Effects of:		
– Different tax rates available to different subsidiaries of the Group	14,821	15,893
– Land appreciation tax deductible for PRC corporate income tax purposes	3,670	677
– Expenses and development costs not deductible for tax purposes	8,727	4,378
– Tax effect of tax losses not recognised as deferred income tax asset	78,643	627,024
– Income not subject to tax	(23)	(71)
– Land appreciation tax	(14,681)	(2,709)
Income tax expense	77,351	146,053

(a) PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof. The corporate income tax rate applicable to the Group entities located in Mainland China is 25%.

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding tax rate can be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for the undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings out of the Mainland China in the foreseeable future.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

12 Income tax expense (continued)

(b) PRC land appreciation tax

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

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate, except for certain group companies which calculate the LAT based on deemed tax rates in accordance with the approved taxation method obtained from tax authorities.

(c) Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries in the British Virgin Islands were incorporated under the BVI Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

(d) Hong Kong profits tax

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the group companies did not have assessable profit in Hong Kong for the year ended 31 December 2024 (2023: nil).

13 Losses per share

	Year ended 31 December	
	2024	2023
Loss attribute to owners of the Company (RMB'000)	(344,100)	(1,835,407)
Weighted average number of ordinary shares in issue (in thousand)	1,646,173	1,646,173
Losses per share – basic (RMB per share)	(0.21)	(1.11)
Losses per share – diluted (RMB per share)	(0.21)	(1.11)

The Company had no dilutive potential shares in issue, thus the diluted losses per share equals the basic losses per share.

14 Dividend

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

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

15 Deferred income tax

The analysis of deferred income tax assets and liabilities is as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Deferred income tax assets		
– to be realised within 12 months	80,454	99,810
– to be realised after more than 12 months	150,013	162,107
	230,467	261,917
Deferred income tax liabilities		
– to be realised within 12 months	–	30,517
– to be realised after more than 12 months	294,883	208,528
	294,883	239,045
Net deferred tax assets	(64,416)	22,872

(a) Deferred income tax assets

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Beginning of the year	335,346	409,062
Recognised in profit or loss	(57,164)	(73,716)
End of year	278,182	335,346
Offsetting with deferred income tax liabilities	(47,715)	(73,429)
Net deferred income tax assets	230,467	261,917

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

15 Deferred income tax (continued)

(a) Deferred income tax assets (Continued)

Movement of deferred income tax assets without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

	Tax losses	Impairment of assets and deductible temporary differences of expenses and cost of sales	Temporary difference in sales recognition and related cost of sales	Elimination of unrealised profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	92,839	185,125	109,884	21,214	409,062
Recognised in profit or loss	(23,123)	(73,834)	22,653	588	(73,716)
At 31 December 2023	69,716	111,291	132,537	21,802	335,346
Recognised in profit or loss	61,316	(32,012)	(84,077)	(2,391)	(57,164)
At 31 December 2024	131,032	79,279	48,460	19,411	278,182

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable.

(b) Deferred income tax liabilities

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Beginning of the year	312,474	259,537
Recognised in profit or loss	30,124	52,937
End of the year	342,598	312,474
Offsetting with deferred income tax assets	(47,715)	(73,429)
Net deferred income tax liabilities	294,883	239,045

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

15 Deferred income tax (continued)

(b) Deferred income tax liabilities (Continued)

Movement of deferred income tax liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

	Fair value gains on investment properties	Interest capitalisation	Revaluation surplus arising from property development	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	37,385	199,851	22,301	259,537
Recognised in profit or loss	(2,101)	55,038	–	52,937
At 31 December 2023	35,284	254,889	22,301	312,474
Recognised in profit or loss	(3,061)	33,185	–	30,124
At 31 December 2024	32,223	288,074	22,301	342,598

As at 31 December 2024, deferred income tax liabilities of RMB124,988,000 (2023: RMB122,158,000) have not been recognised for withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries incorporated in the PRC. Unremitted earnings totalled RMB1,249,879,000 as at 31 December 2024 (2023: RMB1,221,580,000), as the Group does not have a plan to distribute these earnings out of the PRC in the foreseeable future.

16 Investments accounted for using the equity method

The amounts recognised in the statement of financial position are as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Investments in associates	739	645
Investments in a joint venture (<i>Note(a)(i)</i>)	–	–
	739	645

The amounts recognised in the statement of comprehensive income are as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
A joint venture (<i>Note(a)</i>)	–	–
Associates (<i>Note(b)</i>)	94	(9,167)
	94	(9,167)

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

16 Investments accounted for using the equity method (continued)

(a) A joint venture

As at 31 December 2024, the ending balance of the Group's investment in a joint venture was nil (31 December 2023: nil).

(i) The Group's interest in a joint venture is accounted for using the equity method. As at 31 December 2024 and 2023, the Group's shares of losses of a joint venture exceeds its interests in the underlying entities, and the unrecognised share of losses of the joint venture amounted to RMB79,443,000 (31 December 2023: RMB63,008,000).

(ii) Nature of investment in a joint venture as at 31 December 2024:

Name of entity	Place of business/ country of incorporation	Principal activities	% of ownership interest		Measurement method
			As at 31 December		
			2024	2023	
Zhongshan Jingyue Investment Co., Ltd.* (“Zhongshan Jingyue”) 中山市景悦投資有限公司	PRC	Property development	50%	50%	Equity

* The English name of the joint venture represents the best effort by the management of the Group in translating its Chinese name as it does not have an official English name.

(iii) Summarised financial information for a joint venture

Set out below is the summarised financial information for Zhongshan Jingyue:

Summarised statement of financial position

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Non-current assets	224	197
Current assets		
Cash and cash equivalents	14,471	18,673
Trade and other receivables	117,697	140,478
Completed properties held for sale	741,000	726,023
Total assets	873,392	885,371
Non-current liabilities (Note(iv))	101,709	108,116
Current liabilities (Note(iv))	930,569	903,270
Total liabilities	1,032,278	1,011,386
Net liabilities	(158,886)	(126,015)
The Group's share in %	50%	50%
Carrying amount	(79,443)	(63,008)

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

16 Investments accounted for using the equity method (continued)

(a) A joint venture (continued)

- (iv) Current and non-current secured bank borrowings included in current and non-current liabilities totalling amounted to RMB679,136,000 (2023: RMB695,755,000).

Summarised statements of comprehensive income

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Revenue	32,070	47,905
Cost of sales	(26,909)	(35,242)
Administrative expenses	(1,603)	(9,009)
Reversal of loss allowance on financial assets	–	5,228
Interest expense	(36,511)	(45,302)
Other income	82	135
Loss for the year	(32,871)	(36,285)
Total comprehensive loss for the year	(32,871)	(36,285)

(b) Associates

The movement of investment in associates is as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Opening balances	645	43,671
Share of results	94	(9,167)
Disposal of associates (Note(iii))	–	(33,859)
Ending balances	739	645

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

16 Investments accounted for using the equity method (continued)

(b) Associates (continued)

(i) Nature of investment in associates as at 31 December 2024:

Name of entity	Place of business/ country of incorporation	Principal activities	% of ownership interest		Measurement method
			As at 31 December		
			2024	2023	
Guangzhou Jingke Property Service Co., Ltd.* 廣州景科物業服務有限公司	PRC	Property management	49%	49%	Equity
Nanjing Longguang Jingye Property Service Co., Ltd.* ("Nanjing Longguang") 南京龍光景業物業服務有限公司	PRC	Property management	49%	49%	Equity

* The English names of the associates represent the best effort by the management of the Group in translating their Chinese names as they do not have official English names.

- (ii) On 21 June 2023, the Group entered into an equity transfer agreement with Guangzhou Kejun Enterprise Management Partnership (Limited Partnership)* (廣州科峻企業管理合夥企業(有限合夥)) ("Guangzhou Kejun"), pursuant to which the Group agreed to dispose of and Guangzhou Kejun agreed to acquire the 55% equity interest in Guangzhou Zhujing Real Estate Development Co., Ltd.* (廣州珠景房地產開發有限公司) ("Guangzhou Zhujing") at a consideration of RMB91,305,000. Upon the completion of the disposal, the Group recognised the disposal gains in an amount of RMB34,315,000 and no longer holds any interest in Guangzhou Zhujing.

* For identification purposes only

- (c) As at 31 December 2024 and 2023, the Group had provided guarantees for borrowings of the Group's joint venture and provision has been made in for the guarantee. Information about the provision can be found in Note 32.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

17 Property, plant and equipment

	Buildings	Vehicles and machinery	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023				
Cost	340,572	20,557	19,347	380,476
Accumulated depreciation	(68,373)	(13,970)	(12,623)	(94,966)
Net book amount	272,199	6,587	6,724	285,510
Year ended 31 December 2023				
Opening net book amount	272,199	6,587	6,724	285,510
Additions	–	334	557	891
Transfer from completed properties held for sale	39,264	–	–	39,264
Disposals	–	–	(32)	(32)
Depreciation	(12,830)	(2,603)	(2,200)	(17,633)
Impairment	(18,570)	–	–	(18,570)
Exchange difference	–	3	15	18
Closing net book amount	280,063	4,321	5,064	289,448
At 31 December 2023				
Cost	379,836	19,584	19,429	418,849
Accumulated depreciation and impairment	(99,773)	(15,263)	(14,365)	(129,401)
Net book amount	280,063	4,321	5,064	289,448
Year ended 31 December 2024				
Opening net book amount	280,063	4,321	5,064	289,448
Additions	–	5	113	118
Disposals	(55,520)	(925)	(663)	(57,108)
Depreciation	(12,743)	(1,602)	(1,713)	(16,058)
Exchange difference	–	19	–	19
Closing net book amount	211,800	1,818	2,801	216,419
At 31 December 2024				
Cost	288,039	16,607	15,431	320,077
Accumulated depreciation and impairment	(76,239)	(14,789)	(12,630)	(103,658)
Net book amount	211,800	1,818	2,801	216,419

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

17 Property, plant and equipment (continued)

Depreciation of the property, plant and equipment has been charged to profit or loss or capitalised in properties under development as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Selling and marketing expenses	181	313
Administrative expenses	2,005	3,254
Cost of sales	13,788	13,932
	15,974	17,499
Properties under development	84	134
	16,058	17,633

As at 31 December 2024 and 2023, the following net book amount of buildings were pledged as collateral for the Group's bank and other borrowings:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Buildings	162,758	224,886

As at 31 December 2024, buildings comprised hotels with net book value of RMB129,800,000 which were pledged as collateral for the Group's bank and other borrowings (2023: RMB224,886,000) and are located in the PRC (Note 29).

18 Right-of-use assets

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Lands (Note(a))	74,213	76,056
Buildings	10,399	13,447
	84,612	89,503

- (a) The amounts mainly comprise the prepaid leases of land contracting fee on agricultural land and forest land, which are amortised under the contracting terms.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

18 Right-of-use assets (continued)

- (b) The movement of right-of-use assets is shown in the table below for the years ended 31 December 2024 and 2023:

	Lands RMB'000	Buildings RMB'000	Total RMB'000
At 1 January 2023			
Cost	268,172	30,661	298,833
Accumulated amortisation and impairment	(59,155)	(25,535)	(84,690)
Net book amount	209,017	5,126	214,143
Year ended 31 December 2023			
Opening net book amount	209,017	5,126	214,143
Additions	–	15,172	15,172
Amortisation	(5,686)	(3,384)	(9,070)
Impairment	(127,275)	–	(127,275)
Disposals	–	(3,489)	(3,489)
Exchange difference	–	22	22
Closing net book amount	76,056	13,447	89,503
At 31 December 2023			
Cost	268,172	39,040	307,212
Accumulated amortisation and impairment	(192,116)	(25,593)	(217,709)
Net book amount	76,056	13,447	89,503
Year ended 31 December 2024			
Opening net book amount	76,056	13,447	89,503
Amortisation	(1,843)	(3,090)	(4,933)
Exchange difference	–	42	42
Closing net book amount	74,213	10,399	84,612
At 31 December 2024			
Cost	268,172	39,082	307,254
Accumulated amortisation and impairment	(193,959)	(28,683)	(222,642)
Net book amount	74,213	10,399	84,612

- (c) As at 31 December 2024, lands with net book value of RMB11,090,000 (2023: RMB11,634,000) were pledged as collateral for the Group's bank and other borrowings (Note 29).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

18 Right-of-use assets (continued)

(d) Amortisation of the right-of-use assets has been charged to profit or loss as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Administrative expenses	4,621	8,497
Cost of sales	312	573
	4,933	9,070

19 Investment properties

	As at 31 December 2023		
	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
Opening net book value	213,124	51,000	264,124
Disposals	(99,569)	–	(99,569)
Fair value losses – net	(8,404)	–	(8,404)
Closing net book value	105,151	51,000	156,151

	As at 31 December 2024		
	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
Opening net book value	105,151	51,000	156,151
Disposals	(87,653)	–	(87,653)
Transfer to asset classified as held for sale (note (a))	(6,049)	–	(6,049)
Fair value losses – net	(10,249)	(2,000)	(12,249)
Closing net book value	1,200	49,000	50,200

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

19 Investment properties (continued)

As at 31 December 2024, no investment properties (2023: RMB101,605,000) were pledged as collateral for the Group's bank and other borrowings (Note 29).

- (a) In January of 2025, one completed investment property was sold at a price of RMB6,200,000 including value added tax of RMB151,000.

Amounts recognised in profit or loss for investment properties

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Rental income from external customers	2,465	5,214
Direct operating expenses from investment properties that generate rental income	(1,905)	(1,341)
Fair value losses	(12,249)	(8,404)
	(11,689)	(4,531)

The investment properties are located in the PRC and are held on leases of between 40 to 50 years.

(a) Fair value hierarchy

An independent valuation of the Group's completed investment properties and investment properties under construction were performed by the independent and professionally qualified valuer to determine the fair value of the investment properties as at 31 December 2024 and 2023. The revaluation gains or losses are included in "Other losses – net" in the consolidated statements of comprehensive income.

As at 31 December 2024 and 2023, as certain of significant inputs used in the determination of fair value of investment properties are arrived at by reference to certain significant unobservable market data, the fair value of all investment properties of the Group are included in level 3 of the fair value measurement hierarchy (Note 2.9). The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. No transfers in or out of fair value hierarchy levels for the years ended 31 December 2024 and 2023.

(All amounts in RMB Yuan thousands unless otherwise stated)

19 Investment properties (continued)

(b) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2024 and 2023 by independent and professionally qualified valuer who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes. This team reports to the senior management of the Group. Discussions of valuation processes and results are held between the management and valuer at least once every six months for the years ended 31 December 2024 and 2023.

At each financial year end, the financial department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuation movements when compared to the prior year valuation report; and
- Holds discussions with the independent valuer.

(c) Valuation techniques

Fair value of completed investment properties of retail properties and investment properties under construction of buildings are generally derived using the term and reversionary method. This method is based on the tenancy agreements as at the respective valuation dates. The rental income derived within the tenancy agreements are discounted by adopting term yields and the potential reversionary income are discounted by adopting appropriate reversionary yields for the period beyond the rental period in the tenancy agreements. Potential reversionary income and the reversionary yields are derived from analysis of prevailing market rents and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Fair values of lands are evaluated by using direct comparison approach, which is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

19 Investment properties (continued)

(c) Valuation techniques (continued)

The Group has also used the sale comparison approach by making reference to the sales transactions or asking price evidences of comparable properties as available in the market to cross check the valuation result.

Property category		Fair value at 31 December 2024	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Retail properties	RMB1,200,000	Term and reversionary method	Market rents (RMB/square metre)	124	The higher the market rents, the higher the fair value
				Term and reversionary yields	5.00%	The higher the term yields, the lower the fair value
Investment properties under construction	Land located in Lianhuashan Town, Panyu District, Guangzhou the PRC	RMB30,000,000	Direct comparison	Market price (RMB/square metre)	1,790	The higher the market price, the higher the fair value
				Term and reversionary yields	5.00%	The higher the term yields, the lower the fair value
	Land located in Nancun Town, Panyu District, Guangzhou the PRC	RMB5,400,000	Direct comparison	Market price (RMB/square metre)	2,350	The higher the market price, the higher the fair value
				Term and reversionary yields	5.00%	The higher the term yields, the lower the fair value
	Buildings	RMB13,600,000	Term and reversionary method	Market rents (RMB/square metre)	27	The higher the market rents, the higher the fair value
				Term and reversionary yields	5.00%	The higher the term yields, the lower the fair value

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

19 Investment properties (continued)

(c) Valuation techniques (continued)

		Fair value at 31 December 2023	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office, retail properties	RMB101,605,000	Term and reversionary method	Market rents (RMB/square metre)	99-220	The higher the market rents, the higher the fair value
				Term and reversionary yields	4.00%-4.50%	The higher the term yields, the lower the fair value
	Retail properties	RMB3,546,000	Direct comparison	Market price (RMB/square metre)	8,915	The higher the market price, the higher the fair value
Investment properties under construction	Land located in Lianhuashan Town, Panyu District, Guangzhou the PRC	RMB31,000,000	Direct comparison	Market price (RMB/square metre)	1,863	The higher the market price, the higher the fair value
				Term and reversionary yields	5.34%	The higher the term yields, the lower the fair value
	Land located in Nancun Town, Panyu District, Guangzhou the PRC	RMB5,600,000	Direct comparison	Market price (RMB/square metre)	2,419	The higher the market price, the higher the fair value
Buildings				Term and reversionary yields	5.34%	The higher the term yields, the lower the fair value
				Market rents (RMB/square metre)	27	The higher the market rents, the higher the fair value
				Term and reversionary yields	5.00%	The higher the term yields, the lower the fair value

As at 31 December 2024, the period of leases whereby the Group leases out its investment properties held in the PRC were between 1 to 3 years (2023: 1 to 2 years).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

20 Intangible assets

	Computer software RMB'000
Year ended 31 December 2023	
Opening net book amount	3,748
Amortisation	(974)
Closing net book amount	2,774
At 31 December 2023	
Cost	8,520
Accumulated amortisation	(5,746)
Net book amount	2,774
Year ended 31 December 2024	
Opening net book amount	2,774
Amortisation	(736)
Disposals	(74)
Closing net book amount	1,964
At 31 December 2024	
Cost	8,446
Accumulated amortisation	(6,482)
Net book amount	1,964

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

21 Properties under development

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Properties under development expected to be completed:		
– Land use rights	2,077,156	4,210,335
– Contractual rights of land (<i>Note (a)</i>)	155,963	158,662
– Construction costs	857,440	1,739,558
– Interests capitalised	912,547	913,545
	4,003,106	7,022,100
Less: provision for impairment of properties under development	(1,197,188)	(1,646,255)
	2,805,918	5,375,845

- (a) Contractual rights of land mainly represents the construction land acquired from the collective economic organisations in 2017, which will be transferred to land use rights in near future.
- (b) Properties under development are located in the PRC and expected to be completed, and available for sale within normal operating cycle.
- (c) The capitalisation rate of borrowings is 6.14% for the year ended 31 December 2024 (2023: 7.91%).
- (d) As at 31 December 2024, properties under development with net book value of RMB1,025,241,000 (31 December 2023: RMB1,124,706,000) were pledged as collateral for the Group's bank and other borrowings (Note 29).
- (e) As at 31 December 2024, the balance of provision in respect of write-down of the properties under development was amounted to RMB1,197,188,000 (31 December 2023: RMB1,646,255,000).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

22 Completed properties held for sale

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Completed properties held for sale developed by the Group:		
Land use rights	1,187,416	1,050,273
Construction costs	1,575,931	1,436,464
Interest capitalised	229,496	160,610
	2,992,843	2,647,347
Less: provision for impairment of completed properties held for sale	(814,777)	(496,482)
	2,178,066	2,150,865

The completed properties held for sale are all located in the PRC.

As at 31 December 2024, completed properties held for sale with net book value of RMB1,199,241,000 (2023: RMB632,575,000) were pledged as collateral for the Group's bank and other borrowings (Note 29).

As at 31 December 2024, the balance of provision in respect of write-down of the completed properties held for sale was amounted to RMB814,777,000 (31 December 2023: RMB496,482,000).

23 Trade and other receivables and prepayments

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Included in current assets:		
Trade receivables – third parties (<i>Note (a)</i>)	40,878	41,996
Trade receivables – related parties (<i>Note (a)</i>)	97	110
Other receivables – third parties (<i>Note (b)</i>)	447,730	272,161
Other receivables – non-controlling interests (<i>Note (b)</i>)	323,579	609,641
Other receivables – related parties (<i>Note (b)</i>)	56,260	51,943
Prepayments for acquisition of land use rights (<i>Note (c)</i>)	202,561	202,561
Other prepayments (<i>Note (d)</i>)	75,363	97,554
	1,146,468	1,275,966
Less: impairment	(173,356)	(81,045)
Total	973,112	1,194,921
Less: non-current portion	(11,306)	(11,578)
Current portion	961,806	1,183,343

As at 31 December 2024 and 2023, the fair value of trade and other receivables approximated their carrying amounts.

As at 31 December 2024, no trade receivables (2023: RMB1,097,000) were pledged as collateral for the Group's bank and other borrowings (Note 29).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

23 Trade and other receivables and prepayments (continued)

(a) Details of trade receivables are as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Trade receivables – third parties	40,878	41,996
Trade receivables – related parties	97	110
Less: allowance for impairment	(22,273)	(13,357)
Trade receivables – net	18,702	28,749

Ageing analysis of trade receivables based on invoice date is as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Within 1 year	19,502	20,383
Over 1 year	21,473	21,723
	40,975	42,106

Trade receivables mainly arise from rental income, provision of construction services and hotel operations. Proceeds from sale of properties are generally received in accordance with the terms stipulated in the sale and purchase agreements.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2024, a provision of RMB22,273,000 was made against the gross amounts of trade receivables (31 December 2023: RMB13,357,000) (Note 3.1.2(a)).

The Group's trade receivables are denominated in RMB (2023: same).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

23 Trade and other receivables and prepayments (continued)

(b) Details of other receivables are as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Deposits for acquisition of land use rights	262,373	104,958
Other receivables due from non-controlling interests (<i>Note (i)</i>)	323,579	609,641
Other receivables due from related parties	56,260	51,943
Others	185,357	167,203
	827,569	933,745
Less: allowance for impairment	(151,083)	(67,688)
Other receivables - net	676,486	866,057

(i) Other receivables include cash advances amounted to approximately RMB133,549,508 (2023: RMB415,300,000) made to non-controlling interests, which are unsecured, interest free and repayable on demand, and the remaining amount mainly represents cash advance to a non-controlling shareholder for payment of consideration.

(c) Amounts represent up-front payments for acquiring land use rights for property development held for sales. The amounts will be transferred to properties under development in the statement of financial position when the Group obtains contractual usage rights of the relevant lands.

(d) Details of other prepayments are as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Prepayments for property development projects	63,149	55,747
Prepaid other taxes	5,528	14,102
Others	6,686	27,705
Other prepayments	75,363	97,554

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

24 Prepaid taxes

Details of prepaid taxes are as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Corporate income taxes	18,951	19,098
Land appreciation taxes	110,722	105,299
Value added taxes	69,441	41,576
	199,114	165,973

25 Restricted cash

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Guarantee deposits for construction of pre-sold properties (<i>Note (a)</i>)	117,138	304,131
Guarantee deposits for borrowings (<i>Note (b)</i>)	144	5,500
Others	16,475	29,611
	133,757	339,242
Denominated in:		
– RMB	132,472	328,479
– US\$	342	214
– HK\$	943	10,549
	133,757	339,242

The directors of the Group are of the view that the restricted cash listed above will be released within the normal operating cycle.

- (a) In accordance with relevant documents, certain property development companies of the Group are required to place at designated bank accounts the pre-sale proceeds of properties received as the guarantee deposits for the constructions of related properties. The deposits can be used for payments of construction costs of related property projects upon the approval of the local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related properties.
- (b) Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings.

As at 31 December 2024, the Group has placed cash deposits of approximately RMB144,000 (2023: RMB5,500,000) (Note 29).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

26 Cash and cash equivalents

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Cash at bank and in hand	154,932	464,248
Less: restricted cash	(133,757)	(339,242)
Cash and cash equivalents	21,175	125,006

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Denominated in RMB	18,099	119,908
Denominated in HK\$	2,260	4,179
Denominated in US\$	816	919
	21,175	125,006

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

27 Share capital

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Total
Authorised				
As at 31 December 2024 and 2023	2,500,000,000			
Issued and fully paid				
As at 31 December 2024 and 2023	1,646,173,000	HK\$16,462,000	RMB14,746,000	RMB14,746,000

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

28 Other reserves and accumulated losses

	Consolidated reserves	Statutory reserves (Note (a))	Exchange difference	Total reserves	Retained earnings/ (accumulated losses)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023	1,509,313	154,818	(117,148)	1,546,983	685,381	2,232,364
Loss for the year	-	-	-	-	(1,835,407)	(1,835,407)
Transfer to statutory reserves	-	847	-	847	(847)	-
Other comprehensive loss	-	-	(19,289)	(19,289)	-	(19,289)
Balance at 31 December 2023	1,509,313	155,665	(136,437)	1,528,541	(1,150,873)	377,668
Balance at 1 January 2024	1,509,313	155,665	(136,437)	1,528,541	(1,150,873)	377,668
Loss for the year	-	-	-	-	(344,100)	(344,100)
Transfer to statutory reserves	-	5,171	-	5,171	(5,171)	-
Other comprehensive loss	-	-	(38,358)	(38,358)	-	(38,358)
Release of capital reserves	(323,400)	-	-	(323,400)	-	(323,400)
Balance at 31 December 2024	1,185,913	160,836	(174,795)	1,171,954	(1,500,144)	(328,190)

- (a) Pursuant to the relevant rules and regulation concerning foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, those subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserves fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserves fund may be distributed to equity holders in form of bonus issue.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

29 Bank and other borrowings

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Bank borrowings	1,885,880	2,030,179
Senior notes (Note (a))	1,250,988	1,110,902
Other borrowings (Note (b))	115,671	61,155
	3,252,539	3,202,236
Included in non-current bank borrowings:		
– Secured (Notes (d) & (e))	1,851,392	1,951,750
– Unsecured (Note (e))	52,000	75,000
Less: current portion of non-current bank borrowings	(1,323,392)	(1,997,750)
	580,000	29,000
Included in current bank and other borrowings:		
– Secured (Notes (d) & (e))	34,488	3,266
– Unsecured (Note (e))	1,314,659	1,172,220
Add: current portion of non-current bank borrowings	1,323,392	1,997,750
	2,672,539	3,173,236
Total borrowings	3,252,539	3,202,236

- (a) On 11 January 2024, the Company issued senior notes with nominal interest rate 9.5% due 9 January 2025 in an aggregate principal amount of US\$159,284,612 in Hong Kong (the “**2024 Notes**”). The issue of the 2024 Notes was related to the exchange offer of the senior notes amounting to US\$152,100,000 and its related interest expenses which was due on 11 January 2024. The 2024 Notes were listed on the Stock Exchange on 12 January 2024.

On 7 January 2025, the Company issued the New Senior Notes with nominal interest rate 9.5% due 6 January 2026 in an aggregate principal amount of US\$174,332,581 in Hong Kong. The issue of the New Senior Notes was related to the exchange offer of the existing 2024 Notes amounting to US\$159,284,612 and its related interest expenses which was due on 9 January 2025.

The above senior notes are guaranteed by certain subsidiaries of the Group.

- (b) As at 31 December 2024, three third parties offered loans to the Group, two loans with the expiring dates within one year and one loan was default. One of these loans, amounting to HK\$57,000,000, was guaranteed by the Company and was interest-free.
- (c) As at 31 December 2024 and 2023, the Group's borrowings are denominated in following currencies:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
RMB	1,489,004	1,600,310
HK\$	512,547	491,024
US\$	1,250,988	1,110,902
	3,252,539	3,202,236

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

29 Bank and other borrowings (continued)

- (d) As at 31 December 2024, bank and other borrowings totalling RMB1,885,880,000 (2023: RMB1,955,016,000) of the Group were secured by the pledge of the following assets together with the Group's shares of certain subsidiaries as collaterals:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Lands	11,090	11,634
Property, plant and equipment	129,800	224,886
Investment properties	–	101,605
Properties under development	1,025,241	1,124,706
Completed properties held for sale	1,199,241	632,575
Trade receivables	–	1,097
Restricted cash	144	5,500
	2,365,516	2,102,003

- (e) The Group's unsecured borrowings of RMB1,359,659,000 (2023: RMB1,247,220,000) as at 31 December 2024 were guaranteed by certain subsidiaries or the ultimate controlling shareholder.

The Group's secured borrowings of RMB1,885,880,000 (2023: RMB1,955,016,000) as at 31 December 2024 were guaranteed by the Company, certain subsidiaries, the ultimate controlling shareholder or third parties.

- (f) The exposure of borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Less than 1 year	2,672,539	3,173,236
1-5 years	580,000	29,000
	3,252,539	3,202,236

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

29 Bank and other borrowings (continued)

(g) The repayment terms of the borrowings were as follows:

	Bank borrowings As at 31 December		Senior notes and other borrowings As at 31 December	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Within 1 year or on demand (note (h))	1,305,880	2,001,179	1,366,659	1,172,057
1 to 2 years	580,000	29,000	–	–
	1,885,880	2,030,179	1,366,659	1,172,057

(h) As at 31 December 2024, certain borrowings of RMB552 million and interest payables of RMB29 million, relating to borrowings with a total principal amount of RMB736 million, were overdue (the “**Defaulted Borrowings**”). As a result of such default, the principal amount of borrowings of RMB588 million, were considered as cross-default. The aggregate principal amount of the aforesaid borrowings of RMB1,324 million would be immediately repayable if requested by the lenders. This amount included borrowings of RMB398 million with original contractual repayment dates beyond 31 December 2025 which have been reclassified as current liabilities as at 31 December 2024.

Subsequent to 31 December 2024, the Group failed to settle certain borrowings with aggregated principal amount of RMB544 million and breached certain of the terms of the bank loan, which are primarily related to an asset under forced auction by court, of RMB211 million (the “**Subsequent Defaulted Borrowings**”). Such overdue amount also form part of the defaulted and cross defaulted borrowings mentioned above.

(i) The annual weighted average effective interest rates were as follows:

	As at 31 December	
	2024	2023
Bank and other borrowings	6.51%	7.11%
Senior notes	10.13%	10.32%

(j) The carrying amounts of the borrowings approximate their fair values as at 31 December 2024 and 2023 as the impact of discounting of borrowing with fixed interest rate is not significant or the borrowings carry floating interest rate.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

30 Trade and other payables

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Trade payables (<i>Note (a)</i>)	889,690	901,025
Amounts due to non-controlling interests and their related parties (<i>Note (b)</i>)	55,303	73,208
Outstanding consideration payables for acquisitions	22,440	22,440
Deposits payable (<i>Note (c)</i>)	15,784	10,623
Factoring of trade payables	56,638	105,656
Accrued expenses	34,379	31,974
Salaries payable	13,608	8,929
Other taxes payable	90,041	199,979
Other payables (<i>Note (d)</i>)	220,319	166,463
Provision of legal cases	50,131	592
	1,448,333	1,520,889

(a) Ageing analysis of trade payables based on recognition dates is as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Within 90 days	250,003	330,013
Over 90 days and within 365 days	210,757	131,047
Over 365 days	428,930	439,965
	889,690	901,025

The Group's trade payables as at 31 December 2024 and 2023 is denominated in RMB, US\$ and HK\$.

	As at 31 December	
	2024 RMB'000	2023 RMB'000
RMB	888,627	899,849
US\$	919	1,018
HK\$	144	158
	889,690	901,025

- (b) Amounts due to non-controlling interests and their related parties are unsecured, interest free and repayable on demand.
- (c) The deposits payables mainly include: (i) the deposits from property purchasers of the Group; and (ii) quality guarantee and bidding deposit from constructors. The deposits are unsecured, interest free and repayable according to terms and conditions mutually agreed with the counter parties.
- (d) Other payables mainly represent earnest money from third parties and maintenance funds, which are unsecured, interest free and repayable on demand.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

31 Cash flow information

(a) Cash generated from operations:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Loss for the year	(132,575)	(2,142,608)
Adjustments for:		
Income tax expense	77,351	146,053
Finance income	(1,213)	(4,027)
Finance costs	34,995	16,082
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets (Note 6)	21,643	27,543
Share of results of associates (Note 16)	(94)	9,167
Fair value losses on investment properties (Note 9)	12,249	8,404
Interest on financial assets at fair value through profit or loss (Note 9)	–	(12)
Gains on disposal of associates (Note 9)	–	(34,315)
Gains on derecognition of right-of-use assets	–	(626)
Net impairment losses on right-of-use assets (Note 9)	–	127,275
Net impairment losses on property, plant and equipment (Note 9)	–	18,570
Net impairment losses on financial assets	92,311	38,032
Net impairment losses on completed properties held for sale and properties under development (Note 6)	154,516	1,666,138
(Gains)/losses on disposal of property, plant and equipment (Note 9)	(42,606)	7
Losses on disposal of investment properties (Note 9)	43,681	37,866
Losses on disposal of intangible assets (Note 9)	74	–
Provision for guarantee for borrowings of a joint venture	3,277	22,019
Interest income from a related-party (Note 7)	–	(9,485)
Net exchange differences	(5,412)	3,636
	258,197	(70,281)
Changes in working capital:		
Properties under development and completed properties held for sale and inventories	2,618,304	(286,473)
Restricted cash	200,129	337,883
Trade and other receivables and prepayments	(162,489)	145,390
Prepaid taxes (excluding prepaid income taxes)	(19,291)	(5,634)
Contract costs	86,266	(30,431)
Trade and other payables	(60,454)	109,841
Contract liabilities	(2,910,655)	493,061
	(248,190)	763,637
Cash generated from operations	10,007	693,356

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

31 Cash flow information (continued)

- (b) In the consolidated statement of cash flows, proceeds from disposals of property, plants and equipment and investment properties are as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Proceeds from disposals of property, plants and equipment		
Net book amount (<i>Note 17</i>)	57,108	32
Gains/(losses) on disposals (<i>Note 9</i>)	42,606	(7)
Proceeds	99,714	25

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Proceeds from disposals of investment properties		
Net book amount (<i>Note 19</i>)	87,653	99,569
Losses on disposals (<i>Note 9</i>)	(43,681)	(37,866)
Proceeds	43,972	61,703

- (c) Reconciliation of liabilities arising from financing activities:

	Borrowings due within 1 year RMB'000	Borrowings due after 1 year RMB'000	Lease liabilities RMB'000	Amounts due to non- controlling interests and their related parties RMB'000	Total RMB'000
Balance as at 1 January 2023	1,797,073	1,831,420	62,259	315,224	4,005,976
Cash flows-financing activities	(209,505)	(257,943)	(3,149)	(242,016)	(712,613)
Reclassification	1,740,810	(1,740,810)	-	-	-
Other changes (<i>Note (i)</i>)	(155,142)	196,333	11,640	-	52,831
Balance as at 31 December 2023	3,173,236	29,000	70,750	73,208	3,346,194
Balance as at 1 January 2024	3,173,236	29,000	70,750	73,208	3,346,194
Cash flows-financing activities	(140,324)	-	(3,264)	(17,905)	(161,493)
Reclassification	(551,000)	551,000	-	-	-
Other changes (<i>Note (i)</i>)	190,627	-	5,895	-	196,522
Balance as at 31 December 2024	2,672,539	580,000	73,381	55,303	3,381,223

- (i) Other changes include non-cash movements, mainly including: (i) renewal of borrowings, (ii) accrued interest expense on lease liabilities, (iii) amortisation of issuance costs, accrued interest of bank and other borrowings, (iv) currency translation differences.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

32 Guarantee

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers (<i>Note (a)</i>)	1,482,235	2,070,851
Guarantees for a joint venture (<i>Note (b)</i>)	344,683	355,400

- (a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate, which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages.

The Group considers that in case of default in payments by purchasers, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

- (b) As at 31 December 2024, the Group had provided guarantee for borrowings of the Group's joint venture amounting to RMB344,683,000 (2023: RMB355,400,000), with a provision amounting to RMB25,296,000 (2023: RMB22,019,000) being made in the financial statements for the guarantee.

33 Commitments

Commitments for property development expenditure:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Contracted but not provided for: Property development activities	276,139	1,123,094

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

34 Lease liabilities

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to lease liabilities:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Right-of-use assets	84,612	89,503

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Lease liabilities		
Current	9,677	4,639
Non-current	63,704	66,111
	73,381	70,750

(b) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to lease:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Amortisation charge of right-of-use assets	4,933	9,070
Interest expense (included in finance costs)	5,823	550

The total cash outflow for leases for the year ended 31 December 2024 was RMB4,778,000 (2023: RMB3,186,000).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

34 Lease liabilities (continued)

- (c) Commitments and present value of lease liabilities are shown in the table below for the years ended 31 December 2024 and 2023:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Commitments in relation to lease liabilities are payable as follows:		
Within 1 year	19,889	15,481
1 to 2 years	4,098	5,643
2 to 5 years	9,718	10,144
Over 5 years	122,451	125,326
Minimum lease payments	156,156	156,594
Future finance charges	(82,775)	(85,844)
Total lease liabilities	73,381	70,750

	As at 31 December	
	2024 RMB'000	2023 RMB'000
The present value of lease liabilities is as follows:		
Within 1 year	9,677	4,639
1 to 2 years	1,011	2,380
2 to 5 years	3,834	3,390
Over 5 years	58,859	60,341
	73,381	70,750

- (d) Movements of lease liabilities are shown in the table below for the year ended 31 December 2023:

	Lease liabilities – current RMB'000	Lease liabilities – non-current RMB'000
At 1 January 2023	4,186	58,073
Lease payment	(3,149)	–
Accrued interest	550	–
Increase in right-of-use assets	1,029	14,143
Termination	(738)	(3,377)
Exchange difference	15	18
Reclassification between current and non-current	2,746	(2,746)
As at 31 December 2023	4,639	66,111

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

34 Lease liabilities (continued)

(e) Movements of lease liabilities are shown in the table below for the year ended 31 December 2024:

	Lease liabilities – current RMB'000	Lease liabilities – non-current RMB'000
At 1 January 2024	4,639	66,111
Lease payment	(3,264)	–
Accrued interest	5,823	–
Exchange difference	39	33
Reclassification between current and non-current	2,440	(2,440)
As at 31 December 2024	9,677	63,704

35 Related party transactions

The ultimate holding company of the Company is Sze Ming Limited, a company incorporated in the British Virgin Islands, and the ultimate controlling shareholder of the Company is CHAN Sze Ming Michael, who owns 72.9% of the Company's shares.

(a) Name and relationship with related parties

Name	Relationship
CHAN Sze Ming Michael	Ultimate controlling shareholder
Guangzhou Zhujing (Note (i))	Associate of the Group (From 1 January 2023 to 26 July 2023)
Nanjing Longguang	Associate of the Group
Zhongshan Jingyue	Joint venture of the Group
Guangzhou Jinrui Real Estate Development Co., Ltd. ("Guangzhou Jinrui")	Related party of the Group

(i) The equity interest of the associate was disposed of on 26 July 2023 and it has not been a related party since 26 July 2023 (Note 16(b)).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

35 Related party transactions (continued)

(b) Transactions with related parties

The Group had the following transactions with related parties for the years ended 31 December 2024 and 2023:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
(i) Rendering of property management services – Guangzhou Zhujing	–	766
(ii) Interest income from a related-party – Guangzhou Zhujing	–	9,485
(iii) Guarantee provided by shareholder in respect of the Group's borrowings outstanding – ultimate controlling shareholder	885,179	964,475
(iv) Property management service fee charged by – Nanjing Longguang	2,727	2,061

The prices for the above transactions were determined in accordance with the terms of the underlying agreements.

(c) Balances with related parties

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Non-trade balances		
– Zhongshan Jingyue (i)	51,943	51,943
– Guangzhou Jinrui (i)	4,317	–
Total amounts due from related parties	56,260	51,943

(i) Amounts due from Zhongshan Jingyue and Guangzhou Jinrui mainly represent the cash advances which are unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

35 Related party transactions (continued)

- (d) As at 31 December 2024 and 2023, the Group provides guarantee for borrowings of a joint venture, details are shown as follow:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Providing guarantees to related parties		
– Zhongshan Jingyue	344,683	355,400

- (e) **Key management compensation**

Key management compensation for the years ended 31 December 2024 and 2023 are set out below:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Key management compensation		
– Salaries and other employee benefits	5,723	8,190
– Pension costs	81	48
– Fees	247	882
	6,051	9,120

36 Particulars of subsidiaries

- (a) Particulars of the subsidiaries of the Group as at 31 December 2024 are set out as below:

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ incorporation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		
							Attributable equity interests		Equity interests held by non-controlling interests
							Direct	Indirect	
景業控股有限公司 Jingye Holdings Limited ("Jingye Holdings (BVI)")	13/12/2013	Limited liability company	BVI	Investment holding	US\$201	US\$201	100%	-	-
廣州意濃實業有限公司 Guangzhou Yinong Enterprise Co., Ltd.*	01/07/2002	Limited liability company	Mainland China	Property development	RMB 1,020,500,000	RMB 1,020,455,000	-	100%	-
廣州市景業房地產開發有限公司 Guangzhou Jingye Real Estate Development Co., Ltd.	18/06/2008	Limited liability company	Mainland China	Property development	RMB 50,000,000	RMB 50,000,000	-	100%	-

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

36 Particulars of subsidiaries (continued)

(a) Particulars of the subsidiaries of the Group as at 31 December 2024 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ incorporation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		
							Attributable equity interests		Equity interests held by non-controlling interests
							Direct	Indirect	
海南景業房地產開發有限公司 Hainan Jingye Real Estate Development Co., Ltd.	25/12/2013	Limited liability company	Mainland China	Property development	RMB 100,000,000	RMB 100,000,000	-	100%	-
廣州卓都物業管理有限公司 Guangzhou Zhuodu Property Management Co., Ltd.	30/07/2014	Limited liability company	Mainland China	Property management	RMB 1,000,000	RMB 1,000,000	-	100%	-
海南卓都物業服務有限公司 Hainan Zhuodu Property Services Co., Ltd.	31/10/2014	Limited liability company	Mainland China	Property management	RMB 1,000,000	RMB 1,000,000	-	100%	-
中山市景雅裝飾工程有限公司 Zhongshan Jingya Decoration Engineering Co., Ltd.	25/03/2005	Limited liability company	Mainland China	Building decoration	RMB 500,000	RMB 500,000	-	100%	-
廣州廣澤房地產開發有限公司 Guangzhou Guangze Real Estate Development Co., Ltd.	05/11/2010	Limited liability company	Mainland China	Property development	RMB 10,000,000	RMB 10,000,000	-	100%	-
廣州市江河水泥製品有限公司 Guangzhou Jianghe Cement Products Co., Ltd.	14/03/2001	Limited liability company	Mainland China	Property development	RMB 10,500,000	RMB 10,500,000	-	100%	-
景業控股(香港)有限公司 Jingye Holdings (HK) Limited	02/01/2014	Limited liability company	Hong Kong	Investment holding	HK\$1	HK\$1	-	100%	-
景業健康產業控股有限公司 Jingye Health Industry Holdings Limited	19/11/2015	Limited liability company	BVI	Health management	US\$1	US\$1	-	100%	-
景業健康產業有限公司 Jingye Health Industry Limited	30/11/2015	Limited liability company	Hong Kong	Health management	HK\$1	HK\$1	-	100%	-
廣州卓思道酒店管理有限公司 Guangzhou Zhuosidao Hotel Management Co., Ltd.*	22/07/2015	Limited liability company	Mainland China	Hotel management	RMB 50,000,000	RMB 50,000,000	-	100%	-

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(All amounts in RMB Yuan thousands unless otherwise stated)

36 Particulars of subsidiaries (continued)

(a) Particulars of the subsidiaries of the Group as at 31 December 2024 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ incorporation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		
							Attributable equity interests		Equity interests held by non-controlling interests
							Direct	Indirect	
廣州市舜邦投資有限公司 Guangzhou Shunbang Investment Co., Ltd.	21/08/2015	Limited liability company	Mainland China	Property investment	RMB 50,000,000	RMB 50,000,000	–	100%	–
廣東景業健康產業發展有限公司 Guangdong Jingye Health Industry Development Co., Ltd.#	05/12/2016	Limited liability company	Mainland China	Business management	RMB 10,000,000	RMB 1,016,000	–	100%	–
廣州市舜安健康產業管理有限公司 Guangzhou Shun'an Health Industry Management Co., Ltd.	05/01/2016	Limited liability company	Mainland China	Health management	RMB 1,000,000	RMB 1,000,000	–	100%	–
廣州崇譽投資有限公司 Guangzhou Chongyu Investment Co., Ltd.	18/01/2017	Limited liability company	Mainland China	Business management	RMB 400,000,000	RMB 346,436,000	–	60%	40%
廣州新芳實業有限公司 Guangzhou Xinfang Enterprise Co., Ltd.	08/06/2000	Limited liability company	Mainland China	Property development	RMB 399,000,000	RMB 344,010,000	–	60%	40%
廣州顯邦投資有限公司 Guangzhou Haobang Investment Co., Ltd.	31/05/2010	Limited liability company	Mainland China	Property development	RMB 10,000,000	RMB 10,000,000	–	60%	40%
英德景業房地產有限公司 Yingde Jingye Real Estate Co., Ltd.	12/09/2017	Limited liability company	Mainland China	Property development	RMB 50,000,000	RMB 50,000,000	–	100%	–
廣州創藝裝飾工程有限公司 Guangzhou Chuangyi Decoration Engineering Co., Ltd.	24/04/2017	Limited liability company	Mainland China	Building decoration	RMB 50,000,000	RMB 50,000,000	–	100%	–
英德桑緣農業發展有限公司 Yingde Sangyuan Agriculture Development Co., Ltd.	11/04/2014	Limited liability company	Mainland China	Property development	RMB 52,000,000	RMB 52,000,000	–	80%	20%

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36 Particulars of subsidiaries (continued)

(a) Particulars of the subsidiaries of the Group as at 31 December 2024 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ incorporation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		
							Attributable equity interests		Equity interests held by non-controlling interests
							Direct	Indirect	
英德市山湖居房地產開發有限公司 Yingde Shanhuju Real Estate Development Co., Ltd.	22/07/2011	Limited liability company	Mainland China	Property development	RMB 25,000,000	RMB 25,000,000	–	100%	–
英德景創房地產開發有限公司 Yingde Jingchuang Real Estate Development Co., Ltd.	19/09/2017	Limited liability company	Mainland China	Property development	RMB 50,000,000	RMB 35,000,000	–	70%	30%
英德金雄水泥有限公司 Yingde Jinxiong Cement Co., Ltd.	19/05/1994	Limited liability company	Mainland China	Property development	RMB 24,120,000	RMB 24,120,000	–	100%	–
廣州市番禺區德誠銅業有限公司 Guangzhou Panyu Decheng Copper Co., Ltd.	08/06/1999	Limited liability company	Mainland China	Property development	RMB 2,000,000	RMB 2,000,000	–	100%	–
舜邦投資管理(香港)有限公司 Shunbang Investment Management (HK) Limited	22/11/2017	Limited liability company	Hong Kong	Investment holding	HK\$1,000,000	HK\$1,000,000	–	100%	–
舜邦投資管理控股有限公司 Shunbang Investment Management Holdings Limited	01/11/2017	Limited liability company	BVI	Investment holding	US\$10	US\$10	–	100%	–
舜邦商務管理(廣州)有限公司 Shunbang Corporate Management (Guangzhou) Co., Ltd.*	23/04/2018	Limited liability company	Mainland China	Business management	RMB 100,000,000	RMB 50,000,000	–	100%	–
景業名邦控股(廣州)有限公司 Jingye Mingbang Holdings (Guangzhou) Co., Limited*	27/03/2018	Limited liability company	Mainland China	Business management	RMB 850,000,000	RMB 850,000,000	–	100%	–
騰衝景業房地產開發有限公司 Tengchong Jingye Real Estate Development Co., Ltd.	24/01/2018	Limited liability company	Mainland China	Property development	RMB 50,000,000	RMB 50,000,000	–	100%	–
卓思道酒店管理控股有限公司 Zhuosidao Hotel Management Holdings Limited	27/03/2018	Limited liability company	BVI	Investment holding	US\$10	US\$10	–	100%	–

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36 Particulars of subsidiaries (continued)

(a) Particulars of the subsidiaries of the Group as at 31 December 2024 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ incorporation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group			Equity interests held by non-controlling interests
							Attributable equity interests			
							Direct	Indirect		
景業酒店管理(香港)有限公司 Jingye Hotel Management (HK) Limited	30/04/2018	Limited liability company	Hong Kong	Investment holding	HK\$10	HK\$10	-	100%	-	
株洲景業房地產開發有限公司 Zhuzhou Jingye Real Estate Development Co., Ltd.	25/07/2018	Limited liability company	Mainland China	Property development	RMB 300,000,000	RMB 300,000,000	-	100%	-	
廣州市景悅房地產有限公司 Guangzhou Jingyue Real Estate Co., Ltd.	20/08/2018	Limited liability company	Mainland China	Property development	RMB 10,000,000	RMB0	-	100%	-	
肇慶市景悅科技發展有限公司 Zhaoqing Jingyue Technology Development Co., Ltd.	28/08/2018	Limited liability company	Mainland China	Property development	RMB 50,000,000	RMB 50,000,000	-	100%	-	
廣州市普盛房地產開發有限公司 Guangzhou Pusheng Real Estate Development Co., Ltd.	22/12/2015	Limited liability company	Mainland China	Property development	RMB 5,000,000	RMB 5,000,000	-	100%	-	
海南烜煜房地產開發有限公司 Hainan Xuanyu Real Estate Development Co., Ltd.	16/10/2017	Limited liability company	Mainland China	Property development	RMB 50,000,000	RMB 50,000,000	-	100%	-	
英德市錦坤實業投資有限公司 Yingde Jinkun Enterprise Investment Co., Ltd.	11/09/2014	Limited liability company	Mainland China	Property development	RMB 1,000,000	RMB 1,000,000	-	100%	-	
英德市卓都物業管理有限公司 Yingde Zhuodu Property Management Co., Ltd.	24/08/2018	Limited liability company	Mainland China	Property management	RMB 1,000,000	RMB0	-	100%	-	
雲南卓都物業管理有限公司 Yunnan Zhuodu Property Management Co., Ltd.	20/09/2018	Limited liability company	Mainland China	Property management	RMB 1,000,000	RMB 1,000,000	-	100%	-	

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(All amounts in RMB Yuan thousands unless otherwise stated)

36 Particulars of subsidiaries (continued)

(a) Particulars of the subsidiaries of the Group as at 31 December 2024 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ incorporation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		
							Attributable equity interests		Equity interests held by non-controlling interests
							Direct	Indirect	
創藝控股有限公司 Chuangyi Holdings Limited	05/07/2018	Limited liability company	BVI	Investment holding	US\$10	US\$10	-	100%	-
創藝控股(香港)有限公司 Chuangyi Holdings (HK) Limited	30/08/2018	Limited liability company	Hong Kong	Investment holding	HK\$10	HK\$10	-	100%	-
泓創控股(廣州)有限公司 Hongchuang Holdings (Guangzhou) Co., Ltd.*	25/10/2018	Limited liability company	Mainland China	Investment holding	RMB 5,000,000	RMB 5,000,000	-	100%	-
廣州市泓創建設有限公司 Guangzhou Hongchuang Construction Co., Ltd.	07/11/2018	Limited liability company	Mainland China	Construction Development	RMB 150,000,000	RMB 150,000,000	-	100%	-
湖南卓都物業服務有限公司 Hunan Zhuodu Property Services Co., Ltd.	08/01/2019	Limited liability company	Mainland China	Property management	RMB 2,000,000	RMB0	-	100%	-
景業名邦投資(威海)有限公司 Jingye Mingbang Investment (Weihai) Co., Ltd.*	24/06/2019	Limited liability company	Mainland China	Investment holding	RMB 350,000,000	RMB 130,000,000	-	100%	-
威海景隆投資發展有限公司 Weihai Jinglong Investment Development Co., Ltd.	04/07/2019	Limited liability company	Mainland China	Investment holding	RMB 130,000,000	RMB 130,000,000	-	100%	-
廣州景隆投資發展有限公司 Guangzhou Jinglong Investment Development Co., Ltd.	15/07/2019	Limited liability company	Mainland China	Investment holding	RMB 130,000,000	RMB 130,000,000	-	100%	-
肇慶卓都物業管理有限公司 Zhaoqing Zhuodu Property Management Co., Ltd.	16/08/2019	Limited liability company	Mainland China	Property management	RMB 1,000,000	RMB0	-	100%	-
騰衝景盛房地產開發有限公司 Tengchong Jingsheng Real Estate Co., Ltd.	16/03/2020	Limited liability company	Mainland China	Property management	RMB 50,000,000	RMB 50,000,000	-	100%	-

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

36 Particulars of subsidiaries (continued)

(a) Particulars of the subsidiaries of the Group as at 31 December 2024 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ incorporation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		
							Attributable equity interests		Equity interests held by non-controlling interest
騰衝景隆置業有限公司 Tengchong Jinglong Real Estate Co., Ltd.	09/04/2020	Limited liability company	Mainland China	Property management	RMB 50,000,000	RMB0	–	100%	–
騰衝卓思道酒店有限公司 Tengchong Zhuosidao Hotel Co., Ltd.	03/03/2020	Limited liability company	Mainland China	Hotel management	RMB 3,000,000	RMB0	–	100%	–
景星控股(香港)有限公司 Jingxing Holdings (HK) Limited	20/04/2020	Limited liability company	Hong Kong	Investment holding	HK\$1	HK\$1	–	100%	–
幸領環球有限公司 Lucky Lead Global Limited ("Lucky Lead (BVI)")	05/02/2020	Limited liability company	BVI	Investment holding	US\$ 310,000,000	US\$ 184,010,000	–	51%	49%
幸領環球(香港)有限公司 Lucky Lead Global (HK) Limited	20/04/2020	Limited liability company	Hong Kong	Investment holding	HK\$1	HK\$1	–	51%	49%
景茂控股(香港)有限公司 Jingmao Holdings (HK) Limited	19/10/2020	Limited liability company	Hong Kong	Investment holding	HK\$1	HK\$1	–	51%	49%
廣州幸領投資發展有限公司 Guangzhou Lucky Lead Investment Development Limited	20/11/2020	Limited liability company	Mainland China	Investment holding	RMB 1,000,000,000	RMB 1,000,000,000	–	51%	49%
幸領環球投資(南京)有限公司 Lucky Lead Global Investment (Nanjing) Limited [#]	19/11/2020	Limited liability company	Mainland China	Investment holding	RMB 1,000,000,000	RMB 1,000,000,000	–	51%	49%
南京景耀尚御實業發展有限公司 Nanjing Jinglong Shangyu Enterprise Investment Limited [#] ("Nanjing Jinglong Shangyu")	24/12/2020	Limited liability company	Mainland China	Property development	RMB 400,000,000	RMB 400,000,000	–	26%	74%

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

36 Particulars of subsidiaries (continued)

(a) Particulars of the subsidiaries of the Group as at 31 December 2024 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ incorporation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group		
							Attributable equity interests		Equity interests held by non-controlling interests
							Direct	Indirect	
南京萬華通控股有限公司 Nanjing Wanhuatong Holdings Limited	19/11/2020	Limited liability company	Mainland China	Property development	RMB 1,200,000,000	RMB 1,200,000,000	-	100%	-
廣州卓思道民宿管理有限公司 Guangzhou Zhuo Si Dao B&B Management Co., Ltd.	22/04/2021	Limited liability company	Mainland China	Hotel management	RMB 2,000,000	RMB0	-	100%	-
廣州卓思道公寓管理有限公司 Guangzhou Zhuo Sidao Apartment Management Co., Ltd.	27/04/2021	Limited liability company	Mainland China	Hotel management	RMB 2,000,000	RMB0	-	100%	-
廣州景盛房地產發展有限公司 Guangzhou Jingsheng Real Estate Development Co., Ltd.	18/12/2020	Limited liability company	Mainland China	Property development	RMB 50,000,000	RMB 50,000,000	-	100%	-
廣州鑫澤集永房地產開發有限公司 Guangzhou Xinze Jiyong Real Estate Development Co., Ltd.	12/10/2020	Limited liability company	Mainland China	Property development	RMB 166,666,700	RMB 166,666,700	-	51%	49%
廣州卓行物業管理有限責任公司 Guangzhou Zhuoxing Property Management Co., Ltd.	05/07/2021	Limited liability company	Mainland China	Property management	RMB 1,000,000	RMB0	-	100%	-
廣州景譽房地產開發有限公司 Guangzhou Jingyu Real Estate Development Co., Ltd.	22/07/2020	Limited liability company	Mainland China	Property development	RMB 50,000,000	RMB 50,000,000	-	51%	49%
愉庭集團(香港)有限公司 Jovial Garden Group (HK) Limited	04/01/2021	Limited liability company	Hong Kong	Investment holding	HK\$1	HK\$1	-	100%	-
景業名邦集團控股有限公司 JY Grandmark Holdings Limited	20/08/2014	Limited liability company	BVI	Investment holding	US\$1	US\$1	-	100%	-

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

36 Particulars of subsidiaries (continued)

(a) Particulars of the subsidiaries of the Group as at 31 December 2024 are set out as below: (continued)

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ incorporation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Ownership interests held by the Group			Equity interests held by non-controlling interests
							Attributable equity interests		Indirect	
							Direct	Indirect		
雄衛控股有限公司 Hero Guard Holdings Limited	16/04/2022	Limited liability company	BVI	Investment holding	US\$1	US\$1	-	100%	-	
愉庭集團有限公司 Jovial Garden Group Limited	25/09/2020	Limited liability company	BVI	Investment holding	US\$1	US\$1	-	100%	-	
榮聲環球有限公司 Prestige Voice Global Limited	28/08/2020	Limited liability company	BVI	Investment holding	US\$1	US\$1	-	100%	-	
益堡環球有限公司 Profit Castle Global Limited	18/08/2020	Limited liability company	BVI	Investment holding	US\$1	US\$1	-	100%	-	
盛貿環球有限公司 Abundant Trade Global Limited	05/02/2020	Limited liability company	BVI	Investment holding	US\$1	US\$1	-	100%	-	
廣州市愉尚投資有限公司 Guangzhou Yushang Investment Co., Ltd.	13/05/2022	Limited liability company	Mainland China	Property investment	RMB 10,000,000	RMB0	-	100%	-	
廣州愉昇商業管理有限公司 Guangzhou Yusheng Business Management Co., Ltd.	17/05/2022	Limited liability company	Mainland China	Property investment	RMB 1,000,000	RMB0	-	100%	-	
南京市悅弘信商務服務有限公司	31/07/2024	Limited liability company	Mainland China	Business management	RMB 500,000	RMB0	-	100%	-	

Registered as wholly foreign owned enterprises under PRC law

® Registered as sino-foreign equity joint venture under PRC law

The English names of the companies in Mainland China referred to above in this note represent management's best efforts in translating the Chinese names of those companies, as no English names have been registered or available.

Non-controlling interests of Guangzhou Chongyu Investment Co., Ltd injected capital for paying in full for paid up capital during the year ended 31 December 2024. The equity interests among the Group and non-controlling interests have no change.

The accumulated non-controlling interests as at 31 December 2024 was RMB1,428,801,000 (2023: RMB1,163,712,000).

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

36 Particulars of subsidiaries (continued)

(b) Non-controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised statement of financial position

	Lucky Lead (BVI)		Nanjing Jinglong Shangyu	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Current assets	5,488,456	4,061,913	628,762	2,932,268
Current liabilities	(3,929,036)	(2,334,768)	(208,890)	(2,004,938)
Current net assets	1,559,420	1,727,145	419,872	927,330
Non-current assets	17,284	56,890	16,556	55,528
Non-current liabilities	–	–	–	–
Non-current net assets	17,284	56,890	16,556	55,528
Net assets	1,576,704	1,784,035	436,428	982,858
Equity attributable to owners of the subsidiaries	855,903	1,146,959	(65,752)	480,678
Accumulated NCI	720,801	637,076	502,180	502,180

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

36 Particulars of subsidiaries (continued)

(b) Non-controlling interests (continued)

Summarised statement of comprehensive income

	Lucky Lead (BVI)		Nanjing Jinglong Shangyu	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Revenue	1,702,965	18,761	1,702,965	18,271
Selling and marketing expenses	(35,861)	(7,254)	(35,861)	(7,254)
Administrative expenses	(2,903)	(5,305)	(2,436)	(4,733)
Gains/(losses) for the year	113,015	(45,518)	113,437	(44,774)
Total comprehensive income/(loss)	113,015	(45,518)	113,437	(44,774)
Total comprehensive income/(loss) attributable to owners of the subsidiaries	113,452	(14,177)	57,853	(22,835)
(Losses)/gains allocated to NCI	(437)	(31,341)	55,584	(21,939)

Summarised cash flows

	Lucky Lead (BVI)		Nanjing Jinglong Shangyu	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Cash flows (used in)/generated from operating activities	(296,036)	261,263	(296,036)	261,263
Cash flows generated from/(used in) investing activities	281,750	(66,371)	281,750	(66,371)
Cash flows used in financing activities	(358)	(182,240)	–	(182,538)
Net (decrease)/increase in cash and cash equivalents	(14,644)	12,653	(14,286)	12,354

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

37 The Company's statement of financial position and reserves movements

(a) The Company's statement of financial position is as follows:

		As at 31 December	
		2024	2023
	Notes	RMB'000	RMB'000
ASSETS			
Non-current assets			
Investment in subsidiaries		1,505,672	1,505,672
Current assets			
Amounts due from subsidiaries		1,738,958	1,587,785
Restricted cash		–	10,549
Cash and cash equivalents		1,220	1,810
		1,740,178	1,600,144
Total assets		3,245,850	3,105,816
EQUITY			
Share capital	27	14,746	14,746
Other reserves		2,014,885	2,014,885
Accumulated losses		(1,088,011)	(1,025,784)
Total equity		941,620	1,003,847
LIABILITIES			
Current liabilities			
Other payables		1,082	524
Amounts due to subsidiaries		592,398	551,173
Bank and other borrowings		1,710,750	1,550,272
		2,304,230	2,101,969
Total liabilities		2,304,230	2,101,969
Total equity and liabilities		3,245,850	3,105,816

The statement of financial position of the Company was approved by the Board of Directors on 26 March 2025 and was signed on its behalf:

CHAN Sze Ming Michael
Director

LIU Huaxi
Director

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

37 The Company's statement of financial position and reserves movements (continued)

(b) Movements of the Company's other reserves are as follows:

	Other reserves RMB'000	Accumulated loss RMB'000
Balance at 1 January 2023	2,014,885	(40,247)
Loss for the year	–	(985,537)
At 31 December 2023	2,014,885	(1,025,784)
Balance at 1 January 2024	2,014,885	(1,025,784)
Loss for the year	–	(62,227)
At 31 December 2024	2,014,885	(1,088,011)

38 Benefits and interests of directors

(a) Directors' emoluments

The directors' emoluments payable by the Group for the years ended 31 December 2024 and 2023 are as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Salaries and other benefits	3,466	4,605
Fees	574	1,530
Pension costs	55	30
Total	4,095	6,165

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

38 Benefits and interests of directors (continued)

(a) Directors' emoluments (continued)

(i) For the year ended 31 December 2024

Name of Directors	Contribution				
	Salaries	Discretionary	to retirement		
	RMB'000	bonuses	scheme	Fees	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors					
Mr. CHAN Sze Ming Michael (Chairman)					
(Note)	1,314	–	16	55	1,385
Mr. LIU Huaxi (Vice-Chairman)	726	–	13	55	794
Ms. ZHENG Catherine Wei Hong					
(President)	628	–	13	55	696
Mr. WU Xinping	586	–	13	55	654
Ms. WEI Miaochang (Note)	212	–	–	27	239
Independent non-executive Directors					
Mr. MA Ching Nam	–	–	–	109	109
Mr. LEONG Chong	–	–	–	109	109
Mr. WU William Wai Leung	–	–	–	109	109
	3,466	–	55	574	4,095

(ii) For the year ended 31 December 2023

Name of Directors	Salaries RMB'000	Discretionary bonuses RMB'000	Contribution	Fees RMB'000	Total RMB'000
			to retirement scheme RMB'000		
<i>Executive Directors</i>					
Mr. CHAN Sze Ming Michael (<i>Chairman</i>)	1,796	–	–	216	2,012
Mr. LIU Huaxi (<i>Vice-Chairman</i>)	882	–	10	183	1,075
Ms. ZHENG Catherine Wei Hong (<i>President</i>)	708	–	10	183	901
Mr. WU Xinping	638	–	10	150	798
Ms. WEI Miaochang	581	–	–	150	731
<i>Independent non-executive Directors</i>					
Mr. MA Ching Nam	–	–	–	216	216
Mr. LEONG Chong	–	–	–	216	216
Mr. WU William Wai Leung	–	–	–	216	216
	4,605	–	30	1,530	6,165

(All amounts in RMB Yuan thousands unless otherwise stated)

38 Benefits and interests of directors (continued)

(a) Directors' emoluments (continued)

(ii) For the year ended 31 December 2023 (continued)

Note:

No remunerations are paid or receivables in respect of accepting offices as director for the years ended 31 December 2024 and 2023.

No emoluments are paid or receivable in respect of directors' other services in connection with the management of the affairs of the Company or its subsidiaries undertaking for the years ended 31 December 2024 and 2023.

No director waived or agreed to waive any emoluments for the years ended 31 December 2024 and 2023.

Ms. WEI Miaochang resigned as an executive director of the Company on 30 June 2024.

Mr. CHAN Sze Ming Michael resigned as an executive director and the chairman of the Company on 28 March 2025.

(b) Directors' retirement benefits

For the years ended 31 December 2024 and 2023, no retirement benefits were paid to the directors of the Company by the Group in respect of the director's services as a director of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiaries.

(c) Directors' termination benefits

For the years ended 31 December 2024 and 2023, no payments to the directors of the Company as compensation for the early termination of the appointment.

(d) Consideration provided to third parties for making available directors' services

For the years ended 31 December 2024 and 2023, the Company didn't pay any third party for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

For the years ended 31 December 2024 and 2023, there were no loans, quasi-loans or other dealings in favor of directors of the Company, controlled bodies corporate and connected entities with such directors.

(f) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 35, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time for the years ended 31 December 2024 and 2023.

Notes to the Consolidated Financial Statements (Continued)

(All amounts in RMB Yuan thousands unless otherwise stated)

39 Event after the statement of financial position date

On 7 January 2025, the Company issued the New Senior Notes with nominal interest rate 9.5% due 6 January 2026 in an aggregate principal amount of US\$174,332,581. The issue of the New Senior Notes was related to the exchange offer of the existing 2024 Notes amounting to US\$159,284,612 and its related interest expenses which was due on 9 January 2025.

Subsequent to 31 December 2024, the Group failed to settle certain borrowings with aggregated principal amount of RMB544 million and breached certain of the terms of the bank loan, which are primarily related to an asset under forced auction by court, of RMB211 million (the “**Subsequent Defaulted Borrowings**”). Such overdue amount also form part of the defaulted and cross defaulted borrowings mentioned above.

One of the subsidiaries of the Group failed to repay a loan from a third party, resulting one of the villa in the completed properties held for sale with a carrying amount of RMB3.8 million and one of the buildings (a hotel located in Just Stay Resort, No. 288 Yuquan Avenue, Conghua District, Guangzhou City, Guangdong Province, the PRC) in the property, plant and equipment with a carrying amount of RMB163 million as at 31 December 2024 being subject to forced auction by the court on 15 January 2025. The management considered that the fair value of the villa is RMB4.5 million with no impairment required and the fair value of the hotel will be impaired to RMB130 million due to the forced auction, resulting in a potential loss of RMB33 million on the asset.

Apart from the above mentioned potential loss, the future financial performance of the Group might be affected as the hotel generated annual revenue of RMB38 million and reported a loss of RMB10 million for the year ended 31 December 2024 together with a net cash outflow of RMB24 million.

Five-Year Financial Summary

	Year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	3,426,674	513,462	513,310	2,043,126	2,347,064
Cost of sales	(2,926,185)	(467,403)	(439,704)	(1,459,901)	(1,434,328)
Gross profit before impairment losses on completed properties held for sale and properties under development	500,489	46,059	73,606	583,225	912,736
Net impairment losses on completed properties held for sale and properties under development	(154,516)	(1,666,138)	(679,553)	–	–
Gross profit/(loss) after impairment losses on completed properties held for sale and properties under development	345,973	(1,620,079)	(605,947)	583,225	912,736
Selling and marketing expenses	(135,297)	(56,034)	(66,331)	(153,328)	(124,629)
Administrative expenses	(76,176)	(86,824)	(117,509)	(138,088)	(140,958)
Net impairment losses on financial assets	(95,588)	(60,051)	(36,869)	(5,837)	(873)
Other income	590	10,869	14,326	21,567	15,826
Other expenses	(20,094)	(2,410)	(872)	(1,223)	(4,105)
Other (losses)/gains – net	(42,991)	(162,970)	(200,513)	33,430	86,721
Operating (loss)/profit	(23,583)	(1,977,499)	(1,013,715)	339,746	744,718
Finance (costs)/income – net	(31,735)	(9,889)	(21,971)	359	(13,279)
Share of profit/(loss) of investments accounted for using the equity method	94	(9,167)	3,037	23,634	53,071
(Loss)/profit before income tax	(55,224)	(1,996,555)	(1,032,649)	363,739	784,510
Income tax (expense)/credit	(77,351)	(146,053)	144,824	(164,916)	(306,113)
(Loss)/profit for the year	(132,575)	(2,142,608)	(887,825)	198,823	478,397
(Loss)/profit attributable to:					
Owners of the Company	(344,100)	(1,835,407)	(721,859)	216,446	485,203
Non-controlling interests	211,525	(307,201)	(165,966)	(17,623)	(6,806)
	(132,575)	(2,142,608)	(887,825)	198,823	478,397

Five-Year Financial Summary (Continued)

	As at 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Non-current assets	595,707	812,016	1,172,564	1,148,954	1,074,480
Current assets	6,364,984	9,492,087	11,314,690	12,777,420	9,811,957
Total assets	6,966,740	10,304,103	12,487,254	13,926,374	10,886,437
Non-current liabilities	938,587	334,156	2,089,773	2,515,248	1,757,355
Current liabilities	4,912,796	8,413,821	6,679,458	6,632,287	4,676,031
Total liabilities	5,851,383	8,747,977	8,769,231	9,147,535	6,433,386
Net assets	1,115,357	1,556,126	3,718,023	4,778,839	4,453,051
Equity attributable to owners of the Company	(313,444)	392,414	2,247,110	3,109,827	3,035,243
Non-controlling interests	1,428,801	1,163,712	1,470,913	1,669,012	1,417,808
Total equity	1,115,357	1,556,126	3,718,023	4,778,839	4,453,051

Glossary

In this Annual Report, the following expressions have the following meanings unless the context requires otherwise:

“Adoption Date”	13 November 2019, the date on which the Share Option Scheme is conditionally adopted by the Shareholders by way of written resolutions
“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held at Suite 3008-10, 30/F., Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong on Thursday, 5 June 2025 at 2:30 p.m.
“AGM Notice”	the notice convening the AGM set out on pages 16 to 21 of the circular of the Company dated 24 April 2025
“Articles”	the amended and restated articles of association of the Company currently in force, as amended from time to time
“ASP”	average selling price
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealings in securities
“BVI”	the British Virgin Islands
“CG Code”	the principles of the Corporate Governance Code contained in Appendix C1 to the Listing Rules
“close associates”	has the meaning ascribed thereto in the Listing Rules
“Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961, as amended and revised) of the Cayman Islands
“Company” or “JY Grandmark”	JY Grandmark Holdings Limited (景業名邦集團控股有限公司), a company incorporated in the Cayman Islands and whose Shares are listed on the Main Board of the Stock Exchange
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and for the purposes of this annual report, means each of Sze Ming Limited and Mr. CHAN Sze Ming Michael
“core connected person”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HK\$” or “Hong Kong dollars” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong

Glossary (Continued)

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Date”	Thursday, 5 December 2019, on which the Shares were first listed and from which dealings in the Shares were permitted to take place on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the amended and restated memorandum of association of the Company currently in force, as amended from time to time
“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nomination Committee”	the nomination committee of the Company
“PRC” or “China”	the People’s Republic of China, which for the purposes of this annual report excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
“Prospectus”	the prospectus of the Company dated 25 November 2019
“Remuneration Committee”	the remuneration committee of the Company
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the nominal value of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	a share option scheme approved and adopted by the Company on 13 November 2019
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“U.S.” or “United States”	the United States of America, its territories and possessions, any states of the United States and the District of Columbia
“US\$” or “U.S. dollars” or “US dollars”	United States dollars, the lawful currency of the United States
“%”	per cent

* For ease of reference, the names of companies and entities established in China have been included in this annual report in English by way of translation if such Chinese entities do not have an English name as part of their legal name, and if there is any inconsistency between the Chinese names of the Chinese entities mentioned in this annual report and their English translations, the Chinese version shall prevail.

The background features a large, abstract geometric design. It consists of several overlapping, rounded shapes in shades of beige and tan. The top-left corner has a large, irregular shape with a cracked, stone-like texture. The bottom of the page is dominated by a large, light beige shape that also has a cracked texture. The text "JY GRANDMARK HOLDINGS LIMITED" is centered at the bottom of the page, overlaid on the large light beige shape.

JY GRANDMARK HOLDINGS LIMITED