

GLORY国瑞

GLORY HEALTH INDUSTRY LIMITED

國瑞健康產業有限公司

2024

年報 Annual Report

(前稱「Glory Land company Limited (国瑞置业有限公司)」，
並以「Guorui properties Limited」的名稱在香港經營業務)
(於開曼群島註冊成立的有限公司)
(formerly known as GOry Land company Limited (国瑞置业有限公司) "
and carrying on business in Hong kong as " Guorui properties Limited ")
(Incorporated in the cayman slands with limited liability)

香港聯合交易所股份代號 Stock Code : 2329



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Financial & Operation Highlights

Financial Highlights (RMB million)	2024	2023	Change (%)
Contracted sales	**3,262**	3,523	-7
Revenue	**2,705**	2,506	8
Gross profit	**556**	(50)	1,212
(Loss) for the year	**(1,416)**	(594)	138
(Loss) attributable to owners of the Company	**(1,240)**	(564)	120
Total assets	**57,205**	56,354	2
Equity attributable to owners of the Company	**9,929**	11,169	-11
Cash resources[1]	**202**	320	-37
Financial Information per share			
(Loss) per share (RMB cents)			
– Basic	**(0.28)**	(0.13)	115
– Diluted	**(0.28)**	(0.13)	115
Financial Ratios[2]			
Gross profit margin (%)	**21**	(2)	1,124
Net profit margin (%)	**(52)**	(24)	121
Net gearing ratio (%)[3]	**183**	159	15
Current ratio (times)	**1.0**	1.0	3
Operational Highlights (thousand sq.m.)			
Landbank	**6,345**	6,628	-4

1 Including the restricted bank deposits
2 Changes in the financial ratios are the increase or decrease in percentage points
3 Total interest bearing debt minus cash resources divided by total equity

Chairman's Statement



Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Glory Health Industry Limited (the "Company", together with its subsidiaries, the "Group"), I hereby present the annual results of the Group for the year ended Decem- ber 31, 2024 (the "Reporting Period").

ANNUAL RESULTS AND REVIEW FOR 2024

Annual Results

During the Reporting Period, the revenue of the Group was RMB 2,705.3 million. Revenue from property development was RMB 2,116.7 million.

Market Review

In terms of industry policies, the real estate policy mainly focuses on stimulating the industry's recovery and promoting the stabilization and recovery of the real estate market. In the financial policy aspect, the People's Bank of China, the China Banking and Insurance Regulatory Commission and other departments have continuously introduced a number of financial measures, such as lowering the loan prime rate basis points, reducing the minimum down payment ratio, eliminating the lower limit of commercial loan interest rates, and lowering the provident fund loan interest rates, aiming to lower the purchase threshold and alleviate the mortgage burden of residents. In the purchase restrictions policy aspect, the purchase restrictions policies in various provinces and cities have been continuously relaxed. Various incentive policies such as demand-side housing credit, tax subsidies, and trade-in for new properties have been frequently introduced, and the support scale has continued to expand. The intention of macro policies to boost the real estate market is very clear.

Real Estate Development

In 2024, the Group responded to market changes by promptly adjusting its investment and sales strategies, actively promoting sales, and seizing market share within the limited market capacity. In the year, the Group further contracted the scale of real estate development, adhered to debt reduction and accelerated asset disposal to improve liquidity. The Group has been fully committed to ensuring the completion of projects and the delivery of houses, while also accelerating its transformation process.

Investment Properties

During the Reporting Period, the total rental income of the Group was RMB286.8 million. Due to the impact of e-commerce and the downturn of the real economy, the Group's rental income decreased. The Group has 9 investment properties held for self-occupancy in core locations of first-and second-tier cities such as Beijing and Shenzhen, with a total planned construction area of approximately 745,289 square meters ("**sq.m.**"). Although the current rental market as a whole exhibits a downward trend, the Group's self-occupied properties are located in advantageous locations. If the macro economy stabilizes and recovers in the future, the rental income will increase accordingly.

Land Reserves

As of December 31, 2024, the total planned GFA of the land reserves of the Group was 6.3 million sq.m.. The Group has existing primary land development projects. The Group undertook primary land development projects and urban renewal projects in Beijing and Shenzhen. During the Reporting Period, the development area of primary land development projects and urban redevelopment projects without affirmed ownership of the Group was 5.81 million sq.m., 51.6% of which was in Shenzhen. Strengthening urban renewal and upgrading of existing housing is a new trend in the existing market. Urban renewal projects require relatively less investment but offer high profit margins. They are an important source for the Group to replenish land reserves within the Greater Bay Area. Starting from 2025, the Group's old renovation and urban renewal projects will successively generate cash inflows, becoming new profit growth points.

Capital Structure

The Group has fully leveraged the diversified advantages of its financing channels both domestically and overseas, effectively utilized various financial means, continuously optimized its capital management, reduced financing costs, optimized the liability structure, and effectively controlled exchange rate risks. Meanwhile, it has further strengthened its risk management functions, improved the financial risk monitoring system, and did a good job in risk early warning and prevention.

Business Transformation

The Group is gradually reducing its real estate business and steadily promoting the transformation of its business towards the health industry.

The Group is optimistic about the future development and potential of the health industry. It will adapt to the needs of the times and strive to explore the innovation of human settlement business models, develop health living communities, health living online services and regenerative medical incubation industries. On one hand, it will continuously upgrade the quality of residential products and launch health living products to achieve a comprehensive reshaping of the product form and service model of the Group. On the other hand, the Group will be committed to providing online services for a healthy life. By building Guorui Hospital and various online medical services, online health care services, and regenerative medical businesses, it will comprehensively enhance the Group's comprehensive operation and service levels and achieve a comprehensive transformation of the Group into the health industry.

OUTLOOK FOR 2025

Looking ahead to 2025, the policy support for the real estate sector will continue to increase. From the central government to local authorities, all levels of government will actively introduce policies aimed at "stabilizing the decline and promoting recovery of the real estate market", sending out a strong signal of "saving the market and stabilizing it". Although the policies keep intensifying, due to the influence of the macroeconomic environment, the real estate market is still in the bottom-level adjustment stage. The investment confidence has bottomed out, sales are operating at a low level, housing prices are accelerating their decline, and the capital pressure still exists. These characteristics remain prominent. The sales situation will continue to face pressure.

The improvement of the financing environment for real estate enterprises is of vital importance for the recovery of the industry and the market. Although the "white list" policy provides financial support for individual projects, its coverage is limited and it is difficult to bring about effective improvements to the cash flow situation of real estate enterprises. The industry urgently needs financial policies to restore the normal capital circulation of the industry.

The Group believes that the real estate industry is still in a trough stage, urgently needing market and policy stimulation and support. The operation mode of the industry will also change. Currently, the industry is in a difficult period of reducing leverage, and it is unlikely to see significant improvement in the short term. In the long run, with the process of urbanization in China and the improvement of per capita housing area, the real estate industry still has certain development space, but this development space is no longer universal but develops in a differentiated manner, including urban differentiation, enterprise differentiation, product differentiation and other aspects. In the future, the real estate industry will enter a strong competitive pattern of survival of the fittest. The enterprises that have survived the trough stage of the industry in the short term will still face the competition within the industry in the future. All enterprises need to continuously improve in multiple aspects such as corporate image, product quality, comprehensive services, and management and operation capabilities to cope with the harsh competitive environment. The Group will continue to operate in the current trough stage of the industry while adapting to industry changes, integrating internal and external aspects, and continuously enhancing the competitiveness of the enterprise and products from multiple perspectives, in order to stand out in the fierce industry competition. In the future, the Group will adhere to the regional deepening strategy, establish a good corporate image, continuously improve service levels and management and operation capabilities. Seize market opportunities, with continuously improved product structure, excellent product quality, and thoughtful project services, attract more customers and promote project sales and collection. In addition, we will focus on adjusting the debt structure, striving to reduce financing costs, and enhance the core competitiveness of the Group to ensure sustainable and stable development in the future.

In the complex and intricate market environment, the Group will shift its development towards the health industry and explore the vast market of the health industry.

ACKNOWLEDGEMENT

On behalf of the Board, I take this opportunity to express my heartfelt gratitude to all our shareholders, investors, partners, customers, and the community for their support and trust. In the past year, thanks to the guidance from the management of the Company, together with the efforts and contributions from all staff, the Group has made some achievements. In the future, the Company will continue to strive for maximized value and considerable returns for all of its shareholders.

Zhang Zhangsun
Chairman

Beijing, the PRC

March 31, 2025



BUSINESS REVIEW

For the year ended December 31, 2024, the Group's revenue was RMB2,705.3 million. Revenue from property development was RMB2,116.7 million. As of December 31, 2024, the gross profit of the Group was RMB555.6 million.

Contracted Sales

The contracted sales of the Group for 2024 amounted to approximately RMB3,262.4 million. Contracted sales of the Group in 2024, by geographical location, were mainly from Beijing, Xi'an and Qidong, with signed sales of approximately RMB1,538.6 million, RMB884.9 million and RMB285.6 million respectively. It accounted for 47.2%, 27.1%, and 8.8% of the Group's total contracted sales.

The following table sets out the Group's contracted sales by region for the year ended December 31, 2024 and 2023:

City	2024 Contracted Sales (RMB million)	2024 Percentage of Total Contracted Sales (%)	2023 Contracted Sales (RMB million)	2023 Percentage of Total Contracted Sales (%)
Beijing	**1,538.6**	**47.2**	1,838.5	52.2
Xi'an	**884.9**	**27.1**	177.8	5.0
Qidong	**285.6**	**8.8**	-	-
Shenyang	**177.8**	**5.4**	41.0	1.2
Haikou	**154.7**	**4.7**	408.7	11.6
Cooperation projects	**109.4**	**3.4**	368.8	10.5
Langfang	**44.7**	**1.4**	286.1	8.1
Guizhou	**32.1**	**1.0**	25.0	0.7
Suzhou	**22.0**	**0.7**	275.5	7.8
Foshan	**10.6**	**0.3**	96.9	2.7
Shantou	**1.7**	**0.1**	2.1	0.1
Zhengzhou	**0.2**	**0.0**	2.2	0.1
Total	**3,262.4**	**100.0**	3,522.6	100.0

Property Projects

According to the stage of development, the Group classifies its property projects into three categories: completed properties, properties under development and properties held for future development. As some of its projects comprise multiple-phase development on a rolling basis, a single project may include different phases at various stages of comple-tion, under development or held for future development.

As at December 31, 2024, the Group had land reserves with a total GFA of 6,344,963 sq.m..

The Group selectively retained the ownership of a substantial amount of self-developed commercial properties with strategic value to generate stable and sustainable income. As at December 31, 2024, the Group had investment properties in Beijing Fugui Garden, Beijing Glory City, Beijing Bei Wu Lou, Shenyang Glory City, Eudemonia Palace, Beijing Hademen Center, Shenzhen Nanshan, Haikou Glory City and Foshan Glory Shengping Commercial Center.

Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at December 31, 2024:

	Completed	Under Development	Future Development	Total Land Reserves	Of Total Land Reserve
	Saleable/ Rentable GFA (sq.m.)	GFA Under Development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	%
Haikou	148,833	140,639	862,405	1,151,876	18.2
Tongren	44,411	108,360	966,830	1,119,601	17.6
Langfang	-	101,019	986,574	1,087,593	17.1
Chongming Island	-	9,307	761,358	770,665	12.1
Beijing	468,711	107,784	-	576,494	9.1
Shenyang	208,675	9,288	276,470	494,432	7.8
Shantou	2,746-	360,154	-	362,899	5.7
Shenzhen	-	42,763	274,213	316,976	5.0
Foshan	154,018	149,973	-	303,991	4.8
Xi'an	-	150,127	-	150,127	2.4
Zhengzhou	-	9,562	-	9,562	0.2
Suzhou	-	694	-	694	0.0
Wuxi	52	-	-	52	0.0
Total	**1,027,445**	**1,189,670**	**4,127,849**	**6,344,963**	**100. 0**
Total Attributable GFA	**860,459**	**1,126,395**	**3,689,841**	**5,676,695**	

Primary Land Development and Projects Developed under the "Urban Redevelopment" Policy

Apart from engaging in property development projects, the Group also actively undertakes primary land development projects as a strategic business in order to access potentially available land reserves. During the Reporting Period, the Group undertook primary land development, urban renewal and projects under the "Urban Redevelopment" policy in places including Beijing and Shenzhen.

Urban Redevelopment Project in Beijing

Since September 2007, the Group has undertaken a primary land development project in Beijing, namely the West Qinian Street Project, which is located in the west side of Qinian Street and less than one kilometer from Tian'anmen Square with a planned GFA of approximately 474,304 sq.m., comprising five land parcels. As at December 31, 2024, the demolition and relocation of the Land No. 4 and the Land No. 5 have been completed and preparation for launch to the market is in the process.

Urban Redevelopment Project in Shenzhen

In the first half of 2014, Shenzhen Dachaoshan Construction Co., Ltd.* (深圳市大潮汕建設有限公司), a subsidiary of the Group, entered into an urban renewal cooperation agreement with Shenzhen Longgang Xikeng Co., Ltd.* (深圳市龍崗區西坑股份合作公司) to carry out the urban renewal project of the Xikeng community. The planned GFA of the project was about 3 million sq.m. The Group has completed the survey for the land ownership, residential population and building information in the Xikeng community, industry research, the urban renewal planning research program and consultation. The Phase I Project with a site area of 530,000 sq.m. and a planned GFA of approximately 1.4 million sq.m. had been approved by the meeting of Longgan District Government Leadership Group (龍崗區政府領導小組會) on December 14, 2018 and had completed the planning announcement in respect of the inclusion into the "2018 Longgan District Urban Renewal Plan – the Ninth Plan" (《二零一八龍崗區城市更新計劃第九批計劃》) on December 30, 2018. A further approval has been obtained from relevant governmental authorities on the project at the end of February 2019. The special planning report documents for the first renewal were filed on May 30, 2019. In March 2020, the National Development and Reform Commission approved the construction plan for Metro Line 16 (Dayun-Xikeng Section) (Phase II). Xikeng Station of Metro Line 16 (Phase II) is located within the scope of the first renewal unit. The special plan has been adjusted by the Group in consideration of Xikeng Station and is being submitted to the review authority for review. Meanwhile, in consideration of the demolition and resettlement work arrangement of the government for the metro, the Group has fully started the demolition and resettlement negotiation for the first renewal unit. Subsequent thereto, the establishment of other projects will be commenced.

FINANCIAL REVIEW

Revenue

For the year ended December 31, 2024, the Group's revenue was RMB2,705.3 million, representing an increase of approximately 7.9% from RMB2,506.3 million for the year ended December 31, 2023.

The property development revenue for the year ended December 31, 2024 was RMB2,116.7 million, representing an increase of approximately 3.7% compared with the same corresponding period last year.

Cost of Sales and Services

For the year ended December 31, 2024, the Group's cost of sales and services was RMB2,149.8 million, representing a decrease of approximately 15.9% as compared to the corresponding period of last year. The reduction in costs during the Reporting Period was mainly attributed to the transfer in this year of a portion of the property's gross profit which was relatively high.

Gross Profit

For the year ended December 31, 2024, the Group's gross profit was RMB555.6 million, representing an increase of RMB605.8 million as compared to corresponding period of last year, the main reason is that a portion of the property with relatively high gross profit was carried forward for this year.

Changes in Fair Value Gains on Investment Properties

The fair value gain on investment properties at the group level decreased from a fair value change gain of RMB 263.5 million for the year ended December 31, 2023, to a fair value change loss of RMB 498.9 million for the year ended December 31, 2024. This was primarily due to the impact of market sentiment, which constrained the appreciation potential of investment properties.

*For identification purpose only

Other Gains and Losses, Net

Other gains, net were RMB127.4 million for the year ended December 31, 2023, while other losses, net were RMB31.4 million for the year ended December 31, 2024. It was mainly due to the recognition of the gains on the sale of partial equity from the sale of Langfang Guosheng Real Estate Development Co., Ltd (廊坊國盛房地產開發有限公司) in 2023.

Other Income

Other income decreased from RMB139.8 million for the year ended December 31, 2023 to RMB116.9 million for the year ended December 31, 2024, which was mainly due to the revenue from patent rights of associated companies and joint ventures has decreased.

Distribution and Selling Expenses

Distribution and selling expenses increased by approximately 5.8% from RMB83.5 million for the year ended December 31, 2023 to RMB88.4 million for the year ended December 31, 2024.

Administrative Expenses

Administrative expenses decreased by approximately 41.5% from RMB323.2 million for the year ended December 31, 2023 to RMB189.0 million for the year ended December 31, 2024. The reduction is mainly due to the fact that during the Reporting Period, the Group improved its operational quality through organizational restructuring and optimization, thereby reducing administrative expenses.

Finance Costs

Finance costs increased by approximately 89.0% from RMB561.6 million for the year ended December 31, 2023 to RMB1,061.7 million for the year ended December 31, 2024, which was primarily due to the capitalization of financing expenses decreased during the Reporting Period of the Group.

Income Tax Credit

Income tax credit for the year ended December 31, 2023 was RMB62.0million, while the amount of income tax credit for the year ended December 31, 2024 was RMB20.8million.

Total Comprehensive (Loss)

As a result of the foregoing reasons, the Group's total comprehensive loss was RMB593.5 million for the year ended December 31, 2023. While the total comprehensive loss was RMB1,415.5 million for the year ended December 31, 2024.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at December 31, 2024, the Group's cash, restricted bank deposits and bank balances were approximately RMB201.9 million, while as at December 31, 2023, the Group's cash, restricted bank deposit and bank balances were approximately RMB319.9 million.

Net Operating Cash Flow

The Group recorded net operating cash flow in the amount of RMB679.5 million for the year ended December 31, 2024, while we had recorded net operating cash flow of RMB512.9 million for the year ended December 31, 2023.

Borrowings

As at December 31, 2024, the Group had outstanding borrowings of RMB22,788.5 million, consisting of bank and other borrowings of RMB18,845.8 million and senior notes of RMB3,942.7 million.

As at December 31, 2024, other outstanding borrowings of the Group accounted for 12.8% of the total outstanding borrowings of the Group.

Charge over Assets

Some of the Group's borrowings are secured by properties under development for sale, properties held for sale, investment properties and prepaid lease payments as well as property, plant and equipment and restricted bank deposits, or combinations of the above. As at December 31, 2024, the assets pledged to secure certain borrowings granted to the Group amounted to RMB25,553.1 million.

Financial Guarantees and Contingent Liabilities

In line with market practice, the Group has entered into agreements and arrangements with multiple banks to provide mortgage financing to customers. The Group will not conduct independent credit reviews on customers, but will rely on credit reviews conducted by the underwriting bank. Like other Chinese property developers, banks generally require the Group to provide guarantees for customers to repay their property mortgage loans. The guarantee period generally lasts until the bank receives the customer's separate ownership certificate as collateral for the granted mortgage loan. On December 31, 2024, the Group provided an outstanding guarantee of RMB2,032.4 million for customer mortgages. Except as disclosed in this announcement, the Group had no other significant contingent liabilities as of December 31, 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to invest in its property development projects and acquire suitable land parcels in selected cities as it thinks fit. It is expected that internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed in this annual report, the Group did not have any future plans for material investments or capital assets as at the date of this annual report.

EMPLOYEES AND REMUNERATION POLICIES

For the year ended December 31, 2024, the Group had approximately 448 employees, and incurred employee costs of approximately RMB149.1 million. Remuneration for the employees generally includes salaries and performance bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medication, maternity, occupational injury and unemployment benefit plans.

FINAL DIVIDEND

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

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

The Company appointed WM CPA Limited as the new auditor of the Company with effect from January 9, 2025 to fill the vacancy following the resignation of Solar CPA Limited and to hold office until the conclusion of the next annual general meeting of the Company

Save as disclosed in this annual report, there is no material post balance sheet event undertaken by the Group after December 31, 2024 up to the date of this annul report.

Directors' and Senior Management's Profiles

EXECUTIVE DIRECTORS

Mr. Zhang Zhangsun (張章笋) or Chairman Zhang, aged 68, is the founder of the Group and one of the Controlling Shareholders. Chairman Zhang also serves as executive Director, president and the chairman of the Nomination Committee of the Company and as chairman of Beijing Glory Xingye Real Estate Holding Limited* (北京國瑞興業房地產控股有限公司) ("**New Beijing Glory**"). Chairman Zhang has over 20 years of experience in real estate development, management and operation. He established Shantou Garden Enterprise Co., Ltd.* (汕頭花園企業有限公司) in 1988 and established our Group in April 1994 and has since led the Group in its development of real estate projects. In 1999, the headquarter moved to Beijing and Chairman Zhang establish Beijing Glory Xingye Real Estate Co., Ltd.* (北京國瑞興業地產股份有限公司) ("**Original Beijing Glory**"). Chairman Zhang is also a member of the Chinese People's Political Consultative Committee of Beijing Municipality, the chairman of Chaozhou Natives Overseas Association in Beijing, the vice president of China Federation of Overseas Chinese Entrepreneurs and Beijing Silver Industry Association*, the honorary president (life) of Shantou Xinghe Award Foundation* (汕頭市星河獎基金會). Chairman Zhang has won the award of "Outstanding People for China's Urban Construction" (中國城市建設傑出人物獎), "Outstanding Constructor of Socialism with Chinese Characteristics in Beijing" (北京市優秀中國特色社會主義事業建設者) and "Chinese Outstanding Entrepreneur Award" (中國優秀企業家) jointly issued by the Ministry of Construction and the Ministry of Commerce, and the titles of "Outstanding Individual for Charity" (慈善優秀個人).

Ms. Ruan Wenjuan (阮文娟), aged 46, the spouse of Chairman Zhang, serves as executive Director, vice president, a member of the Remuneration Committee, a member of the Internal Control Committee of the Company and as director of New Beijing Glory. Ms. Ruan joined the Group in January 2000 and was responsible for financial management related work in Shantou Garden Group Co., Ltd.* (汕頭花園集團有限公司) ("**Garden Group**"). She successively served as the financial manager and chief financial officer in Original Beijing Glory since 2004. In August 2006, Ms. Ruan was appointed as a director and vice president in Original Beijing Glory and was primarily responsible for the cost management and financial management affairs of our Group. Ms. Ruan completed the real estate EMBA program from Tsinghua University in September 2004.

Mr. Yang Huabin **(楊華彬),** aged 54, has appointed as an executive Director on January 29, 2024. He has a master's degree and has been served as general manager of Langfang Glory Investment Co., Ltd.* (**廊坊國瑞投資有限公司**) since July 2021. Before joining the Group, Mr. Yang worked at certain governmental bodies in Langfang, Hebei province.

Mr. Feng Yang (馮洋), aged 51, has appointed as an executive Director on January 29, 2024. He has a master's degree of Architecture from the University of Melbourne and certificate of National Class 1 Registered Architect. Mr. Feng joined Guorui Properties Limited in 2014 and has successively served as the chief architect and vice dean of Beijing Glory Xingye Architectural Engineering Design Co. Ltd.* (**北京國瑞興業建築工程設計有限責任公司**), the general manager of Beijing Deheng Real Estate Development Co., Ltd.* (**北京國瑞德恒房地產開發有限公司**) and the chief operating officer of Guorui Properties Beijing Regional Company. Mr. Feng has extensive experience in project planning, design and management and corporate operation management.

Mr. Zhao Yuhong (趙育宏), aged 48, has appointed as an executive Director and authorized representative on January 29, 2024. He joined the Company in 2011 and is a National Grade-one Constructor. Mr. Zhao served as the director of the operation and engineering management center of [Guorui Properties], the chairman of Xinzheng Glory Real Estate Development Co., Ltd.* (**新鄭市國瑞房地產開發有限公司**) and currently serves as the vice-president of [Glory Health] .Mr. Zhao has extensive experience in project engineering and management and corporate operation management.

*For identification purpose only

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chen Jinrong (陳晉蓉), aged 65, was appointed as an independent non-executive Director on January 29, 2024. She also serves as the chairman of the audit committee of the Company (the "Audit Committee") and a member of each of the Remuneration Committee, Nomination Committee and Internal Control Committee. Ms. Chen is currently a lecturer at the School of Economics and Management of Tsinghua University. Ms. Chen is also an independent non-executive director of Zhaojin Mining Industry Company Limited (stock code: 1818) with PRC accountant qualification and a part-time professor at a number of universities at home and abroad. Ms. Chen studied and received training at universities such as Renmin University of China, Harvard Business School, USA and Arizona State University, USA, focusing on researching into, teaching of and counseling on corporate finance, financial management, merger and reorganization, analysis of financial report for listed companies and other fields. Ms. Chan has served and is currently an advisor or project planner for several governmental authorities.

Mr. Deng Zhidong (鄧志東), aged 57, was appointed as an independent non-executive Director on January 29, 2024. He also serves as the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. Deng possesses certificates such as PRC certified public valuer, PRC certified real estate appraiser and the qualification for practicing in the Chinese securities industry. Mr. Deng worked at companies such as Zhong Fa International Asset Valuation Company Limited, CBRE Limited and Beijing Shanshui Wenyuan Real Estate Company. Mr. Deng has extensive experience in asset valuation, property valuation and consulting and other aspects.

Mr. Yuan Hao (袁浩), aged 53, was appointed as an independent non-executive Director on November 29, 2024. He also serves as the chairman of the Internal Control Committee and a member of the Audit Committee. Mr. Yuan holds a CFA (Chartered Financial Analyst) qualification and was among the first batch of real estate valuers in China. He is currently the Managing Director of ABC International Investment Management Limited and has previously worked at various comprehensive financial institutions, including J.P. Morgan, HSBC, Standard Chartered Bank, and Anbang Insurance Group, among others. Mr. Yuan possesses extensive experience in investment management, corporate finance, banking, capital markets, mergers and acquisitions, and corporate restructuring. He has studied and undergone training at the University of International Business and Economics in China, the University of Wisconsin Madison School of Business in the United States, and Harvard Business School in the United States.

SENIOR MANAGEMENT

Mr. Li Bin (李斌), aged 53, serves as the executive president of the Company. Mr. Li joined the Group in July 1997 and successively served as the procurement manager, sales manager and public relationship manager of Garden Group, the deputy general manager of Hainan Glory Real Estate Development Co., Ltd.* (海南國瑞房地產開發有限公司), the chairman of Shenyang Dadongfang Property Development Co., Ltd.* (瀋陽大東方置業有限公司) and the secretary to the chairman and the assistant to the chairman of the Company. He was served as executive director of the Company from June 14, 2019 to April 10, 2021. He has worked in Original Beijing Glory since 2002 and served as the chairman. Mr. Li is also the vice chairman of Qianmen Branch of Dongcheng District of Beijing Federation of Industry & Commence, the vice chairman of Chaozhou Natives Overseas Association in Beijing and the member of Dongcheng District's 16th National People's Congress of Beijing.

COMPANY SECRETARY

Ms. Chan Lok Tung (陳樂彤) is a manager of Universe Corporate Services Limited. She has over six years of experience in handling listed company secretarial and compliance related matters. Ms. Chan obtained a Bachelor's degree of Business Administration (Honours) in Accountancy at the City University of Hong Kong in July 2016. She is an associate member of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators).

Report of the Directors

The Board is pleased to present its annual report and the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are property development, primary land construction and development services, property investment and management in the PRC. An analysis of the Group's revenue for the Reporting Period by principal activities is set out in notes 5 and 6 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business and a discussion and analysis of the Group's performance for the Reporting Period and the material factors underlying its financial performance and financial position can be found in the "Management Discussion and Analysis" section on pages 166 to 172 in this annual report. An analysis of the Group's performance during the year using financial key performance indicators is set out on page 162 of this annual report. The above sections form part of this report. The financial risk management objectives and policies of the Group are set out in note 48 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognizes its responsibility to protect the environment from its business activities. Being a real estate operator and developer in the PRC, the Group is subject to environmental laws and regulations set by the PRC national, provincial and municipal governments, including but not limited to laws and regulations on air and noise pollution and discharge of waste and water into the environment.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognizes the importance of compliance with regulatory requirements. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with regulators through effective communications. For the Reporting Period, save as disclosed herein and to the best knowledge of the Directors, the Group has complied with all of the relevant laws and regulations in the PRC and Hong Kong which have significant impact on the operations of the Group, including but not limited to the Company Law of the PRC, the Hong Kong Securities and Futures Ordinance (Cap. 571) and the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

PRINCIPAL RISKS AND UNCERTAINTIES

Risk relating to the real estate industry in the PRC

The PRC government exerts considerable direct and indirect influence on the growth and development of the PRC real estate market through industry policies and other economic measures at the national, provincial, municipal and/or local level. The Group mainly operates in the PRC and such measures may affect the Group's financial condition or results of operations.

Risk relating to foreign exchange

Substantially all of the Group's revenues and expenditures are dominated in Renminbi, while any dividends the Group pays on its Shares will be in Hong Kong dollar. The value of Renminbi against the U.S. dollar or the Hong Kong dollarmay fluctuate and is affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. For details during the Reporting Period, please refer to the description in "Foreign Currency Risk" in note 48 to the consolidated financial statements.

RELATIONSHIPS WITH STAKEHOLDERS

The Group's success also depends on the support from key stakeholders which comprise our Directors, senior management, employees, customers, suppliers, regulators and shareholders.

Directors, senior management and employees

Our success is attributable to the ongoing service, performance, expertise and experience of our Directors and senior management. Moreover, our qualified and skilled employees have further contributed to our continual success. Employees are regarded as the most important and valuable assets of the Group. The objective of the Group's human resources management is to reward and recognize performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

Customers

The Group's principal customers are individual purchasers for residential properties and various types of corporations and other business entities for commercial properties. The Group is committed to provide quality services and products to customers while maintaining long-term profitability, business and earnings growth. Various means have been established to strengthen the communications between customers and the Group in the provision of excellent customer service.

Suppliers

Sound relationships with key suppliers of the Group are important in supply chain, premises or land parcels management, properties construction and meeting business challenges and regulatory requirements. The key suppliers of the Group comprise construction material and equipment suppliers, construction contractors and design firms.

Regulators

The Group operates in the real estate sector in the PRC which is regulated by the Ministry of Land and Resources, the Ministry of Housing and Urban-Rural Development, Beijing Municipal Commission of Urban Planning and other relevant regulators. It is the Group's desire to keep up to date and ensure compliance with new rules and regulations.

Shareholders

One of the corporate goals of the Group is to enhance corporate value to shareholders. The Group is poised to foster business developments for achieving the sustainability of earnings growth and rewarding shareholders by stable dividend payouts taking into account capital adequacy levels, liquidity positions and business expansion needs of the Group.

FUTURE BUSINESS DEVELOPMENTS

The future business developments are set out in the Chairman's Statement on pages 163 to 165 of this annual report. The Chairman's Statement forms part of this report.

SEGMENT INFORMATION

An analysis of the performance of the Group for the Reporting Period by principal activities is set out in note 6 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 209.

The Board did not recommend the distribution of any final dividend for the year ended December 31, 2024.

ANNUAL GENERAL MEETING

The annual general meeting ("AGM") of the Company will be held on June 28, 2024. A notice convening the AGM will be published and despatched to the shareholders in the manner required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Tuesday, June 24, 2025 to Monday, June 30, 2025, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, June 23, 2025.

FINANCIAL SUMMARY

A summary of the financial results and of the assets, liabilities and equity of the Group for the last five financial years is set out on page 323 of this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of change during the Reporting Period in the share capital of the Company is set out in notes 40 to the consolidated financial statements.

During the Reporting Period, save as disclosed in this report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities. (including sale of treasure shares of the Company)

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Reporting Period are set out in note 18 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group for the Reporting Period are set out in note 17 to the consolidated financial statements.

RESERVES

Details of movement in the reserves of the Group for the Reporting Period are set out in the consolidated statement of changes in equity on page 212 of this annual report.

DISTRIBUTABLE RESERVES

As of December 31, 2024, the Company's distributable reserves were RMB1,183.8 million.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as at December 31, 2024 are set out in note 38 to the consolidated financial statements.

PROFILES OF DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:

Mr. Zhang Zhangsun (Chairman)
Ms. Ruan Wenjuan
Mr. Yang Huabin (appointed on January 29, 2024)
Mr. Feng Yang (appointed on January 29, 2024)
Mr. Zhao Yuhong (appointed on January 29, 2024)
Ms. Dong Xueer (resigned on January 29, 2024)
Mr. Hao Zhenhe (resigned on January 29, 2024)
Mr. Sun Xiaodong (resigned on January 29, 2024)

Independent non-executive Directors:

Ms. Chen Jinrong (appointed on January 29, 2024)
Mr. Deng Zhidong (appointed on January 29, 2024)
Mr. Yuan Hao (appointed on November 29, 2024)
Mr. Liu Chengjiang (resigned on January 29, 2024)

The executive directors and independent non-executive Directors are appointed for a period of three years.

Profiles of the Directors and the Company Secretary of the Company are set out on pages 173 to 174 of this annual report.

In accordance with Article 16.18 of the articles of association of the Company (the "Articles of Association"), Ms. Ruan Wenjuan, Mr. Zhao Yuhong and Ms Chen Jinrong will retire by rotation and, being eligible, will offer themselves for election at the forthcoming AGM.

In accordance with Article 16.2 of the Articles of Association, Mr. Yuan Hao shall hold office only until the first annual general meeting of the Company after his appointment and, being eligible, will offer himself for election at the forthcoming AGM.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities sustained by him/her as a Director, auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favor, or in which he/she is acquitted.

For the Reporting Period, no claim had been made against the Directors, auditors or officers of the Company.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each independent non-executive Directors shall inform the Company as soon as practicable if there is any change that may affect his/her independence. The Company confirms that it still considers each independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

Mr. Zhang Zhangsun and Ms. Ruan Wenjuan, as executive Directors, have entered into service agreements with the Company for a term of three years comming from July 7, 2023 and may be terminated in accordance with the respective terms of the service agreements.

Mr. Yang Huabin, Mr. Feng Yang and Mr. Zhao Yuhong, as executive Directors, have entered into service agreements with the Company on January 29, 2024 for a term of three years and may be terminated in accordance with the respective terms of the service agreements.

Ms. Chen jinrong and Mr. Deng Zhidong, the independent non-executive Directors, entered into service agreements with the Company on January 29, 2024 for a term of three years and may be terminated in accordance with the respective terms of the service agreement.

Each of the independent non-executive Directors has signed a service agreement with the Company on January 29 , 2024 for a term of three years and may be terminated in accordance with the respective terms of the service agreement.

Mr. Yuan Hao, the independent non-executive Director, has entered into a service agreement with the Company on November 29, 2024 for a term of three years and may be terminated in accordance with the terms of the service agreement.

None of the Directors has a service contract with the Company which is not terminable by the Group within one year without payment of compensation, other than normal statutory compensation.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, as at December 31, 2024, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the businesses of the Group.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the Reporting Period.

EQUITY-LINKED AGREEMENTS

Saved as disclosed in the sections headed "Pre-IPO Share Option Scheme" and "Post-IPO Share Option Scheme" below, no equity-linked agreements were entered into by the Group, or existed for the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, purchases from the Group's largest supplier accounted for approximately 7.0% of the Group's total purchases and the five largest suppliers of the Group accounted for less than 30.0% of the Group's total purchase in the year.

For the Reporting Period, sales to the Group's largest customer accounted for approximately 8.8% of the Group's total revenue and the five largest customers of the Group accounted for less than 30.0% of the Group's total revenue in the year.

None of the Directors of the Company or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which were required to be notified to the Company and theStock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which were required, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the StockExchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules were as follows:

(a) Interest in Shares of the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of interest in the Company
Chairman Zhang[1]	Interest of a controlled corporation	3,409,431,570	76.71%
Ruan Wenjuan[1]	Interest of spouse	3,409,431,570	76.71%

Note (1): Alltogether Land Company Limited ("**Alltogether**") is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the Shares held by Alltogether. Further, as Ms. Ruan Wenjuan, an executive Director of the Company, is the spouse of Chairman Zhang, Ms. Ruan Wenjuan is also deemed to be interested in the Shares held by Alltogether under the SFO.

(b) Interest in shares of associated corporation

Name of Director	Nature of interest	Name of associated corporation	Approximate percentage of shareholding
Chairman Zhang	Beneficial owner	Alltogether	100%

(c) Interest in debentures of the Company

2022 Senior Notes (see note 39 to the consolidated financial statements for details):

Director	Nature of interest	Amount of debentures of the Company held	Approximate percentage of interest of 2022 Senior Notes as at December 31, 2023
Chairman Zhang[1]	Interest of a controlled corporation	US$125,110,000	37.4%[2]
Ruan Wenjuan[1]	Interest of spouse	US$125,110,000	37.4%[2]

Notes:

(1) Alltogether is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the debentures held by Alltogether.

(2) Proportionate interests is calculated based on the principal amount in aggregate of 2022 Senior Notes.

All interests in the shares of the Company and its associated corporation are long positions.

Save as disclosed above, as at December 31, 2024, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (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 or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS INTERESTS AND SHORT POSITION SHARES

As at December 31, 2024, the following persons had an interest or short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 5% or more of the issued share capital of the Company, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interest in Shares of the Company

Name of substantial shareholder	Nature of interest	Number of Shares	Approximate percentage of interest in the Company
Chairman Zhang[1]	Interest of a controlled corporation	3,409,431,570	76.71%
Alltogether [(1)]	Beneficial owner	3,409,431,570	76.71%
Ruan Wenjuan[(1)]	Interest of spouse beneficial owner	3,409,431,570	76.71%

Note (1): Alltogether is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the Shares held by Alltogether. Further, as Ms. Ruan Wenjuan, an executive Director of the Company, is the spouse of Chairman Zhang, Ms. Ruan Wenjuan is deemed to be interested in the Shares held by Alltogether under the SFO.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for the transaction as disclosed in the section "Non-exempt Continuing Connected Transactions" below and the material related party transactions as disclosed in note 50 to the consolidated financial statements, there were no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company's holding company or any of its subsidiaries was a party, and in which a Director or its connected entities or any of the controlling shareholders of the Company had a material interest (whether directly or indirectly) subsisting at the end of theyear or at any time for the Reporting Period.

NON-COMPETITION UNDERTAKING

Each of Mr. Zhang Zhangsun and Alltogether (the "**Controlling Shareholders**") has executed a deed of non-competition through which they have irrevocably and conditionally warranted and undertaken to the Company not to, whether directly or indirectly or as principal or agent, and whether on his/its own account or with each other or in conjunction with or on behalf of any person, firm or company or through any entities (except in or through any subsidiary of the Company) engage in businesses that are in competition with the Group.

The Controlling Shareholders have confirmed in writing to the Company of their compliance with the deed of noncompetition for disclosure in this annual report for the Reporting Period. The independent non-executive Directors have also reviewed the compliance by each of the Controlling Shareholders with the undertakings in the deed of non-competition for the Reporting Period.

The independent non-executive Directors have also reviewed the compliance by each of the Controlling Shareholders with the undertakings in the deed of non-competition for the Reporting Period. The independent non-executive Directors have confirmed that, as far as they can ascertain, there is no breach by any of the Controlling Shareholders of the undertakings in the deed of non-competition given by them.

EMOLUMENT POLICY

The Remuneration Committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and contributions, time commitment and responsibilities of the Directors and senior management and salaries paid by comparable companies.

The Company has adopted a Pre-IPO Share Option Scheme (the "**Pre-IPO Share Option Scheme**"), a Post-IPO Share Option Scheme (the "**Post-IPO Share Option Scheme**") and a Share Award Scheme (the "**Share Award Scheme**") as incentive to eligible employees, details of the schemes are set out in the section headed "Pre-IPO Share Option Scheme", "Post-IPO Share Option Scheme"and "Share Award Scheme" below, respectively.

PRE-IPO SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme on June 5, 2014 (the "Adoption Date") to enable the Company to encourage certain key employees to contribute to the Group for the long-term benefits of the Company and its Shareholders as a whole and provide the Group with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to its key employees.

The total number of Shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme to 54 grantees on or before June 16, 2014 is 67,076,800 Shares, representing approximately 1.51% of the total number of issued Shares as at June 4, 2024. Save for the options which have been granted on or before June 16, 2014, no further options has been granted under the Pre-IPO Share Option Scheme on or after the listing date (i.e. July 7, 2014) (the "Listing Date") and the terms which govern such further grant of options are accordingly removed. The exercise price for any option granted under the Pre-IPO Share Option Scheme is 60% of HK$2.38. The share options granted had been vested in three equal tranches on the first, second and third anniversary of the Listing Date, respectively. All share options had been expired after 7 years since the grant date.

As at June 15, 2021, all options granted under the Pre-IPO Share Option Scheme were automatically lapsed upon expiry. During the period from January 1, 2024 and up to June 4, 2024, the total number of Shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme is 53,492,812 Shares, representing approximately 1.20% of the total number of issued Shares as at June 4, 2024. The Company did not have any outstanding share options during the period from January 1, 2024 and up to June 4, 2024. The validity period of the Pre-IPO Share Option Scheme is 10 years from the Adoption Date and expired on June 4, 2024.

POST-IPO SHARE OPTION SCHEME

The Company adopted the Post-IPO Share Option Scheme on June 5, 2014 to enable the Company to grant options to any Director (including the independent non-executive Directors), full-time employee and consultant of the Group or any other eligible person who, in the Board's sole discretion, has contributed or will contribute to the Group (the "**Eligible Participants**") and provide the Group with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to the Eligible Participants. The purpose of the Post-IPO Share Option Scheme is to encourage the Eligible Participants to contribute to the Group for the long-term benefits of the Company and its Shareholders as a whole.

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme or any other share option scheme adopted by the Company (including the Pre-IPO Share Option Scheme) shall not, in aggregate, exceed 10% of the total number of Shares in issue when the Post-IPO Share Option Scheme was adopted, unless with the prior approval from the Company's Shareholders. The maximum number of Shares in respect of which options may be granted under the Post-IPO Share Option Scheme to each eligible participant in any 12-month period up to the date of the grant shall not exceed 1% of Shares in issue, unless with the prior approval from the Company's Shareholders. Options granted to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates shall be subject to the prior approval of the independent non-executive Directors. Where any option granted to a substantial Shareholder or an independent non-executive Director of our Company, or any of their respective associates, which would result in the Shares issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares, in excess of HK$5 million, such grant of options shall be subject to the issue of a circular by the Company and prior approval of the Shareholders in general meeting on a poll at which all connected persons of the Company shall abstain from voting in favor. An offer of the grant of an option under the Post-IPO Share Option Scheme shall remain open for acceptance for 28 days from the date of grant. Upon acceptance of such grant, the grantee shall pay HK$1.00 (or such other sum in any currency as the Board may determine) to the Company as consideration. Options may be exercised in accordance with the terms of the Post-IPO Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than ten years from the date of grant of option. The subscription price shall be determined by the Board, in its sole discretion, and in any event shall be no less than the higher of (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of the Shares. The validity period of the Post-IPO Share Option Scheme will be 10 years from the adoption date of such scheme by the Shareholders on June 5, 2014 and expired on June 4, 2024.

Pursuant to the Post-IPO Share Option Scheme, the Company offered to certain Eligible Participants options to subscribe for an aggregate of 98,000,000 Shares (representing approximately 2.21% of the total number of issued Shares as at June 4, 2024 in two tranches, all of which have lapsed. No options had been granted under the Post-IPO Share Option Scheme during the period from January 1, 2024 to June 24, 2024. The Company did not have any outstanding share options during the period from January 1, 2024 to June 24, 2024.

During the period from January 1, 2024 to June 24, 2024, the total number of Shares which may be issued upon the exercise of all options granted under the Post-IPO Share Option Scheme is 371,168,900 Shares, representing approximately 8.35% of the total number of issued Shares.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on June 5, 2014 to recognize the contribution of certain of the Company's employees and officers, especially those whom the Company considered to have contributed to the early development and growth of the Group and to provide financial incentives to them to remain with the Group and strive for the future development and expansion of the Company. The Share Award Scheme has been cancelled before 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, save as disclosed in this report, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares of the Company).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a prorate basis to existing shareholders.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

The Stock Exchange granted to the Company, at the time of its listing in 2014, a waiver from strict compliance with Rule 8.08(1) of the Listing Rules (the "**Public Float Waiver**"). Pursuant to the Public Float Waiver, the Company's prescribed minimum percentage of shares which must be in the hands of the public must not be less than 15% of the total number of issued Shares. Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the prescribed amount of public float as required by the Public Float Waiver as at the date of this annual report.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual report, there is no subsequent event undertaken by the Group after December 31, 2024 up to the date of this annual report.

CHARITABLE DONATIONS

For the Reporting Period, the Group made charitable and other donations in a total amount of RMB0.06 million.

AUDITORS

The consolidated financial statements of the Group for the year ended December 31, 2024 has been audited by WM CPA Limited, who will retire and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of WM CPA Limited as the auditor of the Company is to be proposed at the AGM.

The consolidated financial statements of the Group for the years ended December 31, 2023 and 2022 have been audited by the formers auditor Solar CPA Limited and Moore CPA Limited, respectively.

WM CPA Limited was appointed as auditor of the Company with effect from January 9, 2025 to fill the vacancy arising from the resignation of Solar CPA Limited on November 22, 2024. Solar CPA Limited was appointed as the auditor of the Company on January 12, 2024 in place of Moore CPA Limited.

For details, please refer to the announcements of the Company dated December 6, 2023, January 12, 2024, November 29, 2024 and January 13, 2025.

PROFESSIONAL TAX ADVICE RECOMMENDED

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

On behalf of the Board
Zhang Zhangsun
Chairman

Beijing, the PRC, March 31, 2025

Corporate Governance Report

The Board is pleased to present this corporate governance report in the annual report of the Company for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

The Company is committed to maintaining high standards of corporate governance with a view to assuring the conduct of the management of the Company as well as protecting the interests of the Shareholders. The Company has always recognized the importance of the Shareholders' transparency and accountability.

The Company has been in compliance with the code provisions as set out in Part 2 of the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules during the year ended December 31, 2024 except for the following deviations:

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Under the current organization structure of the Company, Mr. Zhang Zhangsun ("Chairman Zhang") is the chairman of the Board and the president of the Company. Chairman Zhang has been overseeing the Group's strategic planning, operation and management since the Group was founded. The Company believes that the vesting the roles of both chairman and president in Chairman Zhang is beneficial to the business operation of the Group and will not have negative influence on the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals with sufficient number thereof being independent non-executive Directors.

Under code provision C.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its directors. As the Board considers that insurance cover for Directors and officers with reasonable premiums and sufficient compensation has not been identified in the market, the Company has not procured such arrangement.

Save as disclosed herein, the Company has complied with the code provisions as set out in the CG Code for the year ended December 31, 2024. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board committees including the Audit Committee, the Remuneration Committee, the Nomination Committee and the Internal Control Committee (together, the "Board Committees"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference. The independent non-executive Directors possess respectively professional qualifications with at least one of them having accounting or related financial management expertise and have contributed to the Board with their professional opinions.

The Board is also responsible for maintaining and reviewing the effectiveness of the internal control system of the Group. It has carried out reviews of the existing implemented system and procedures, including internal control measures of financial and operational compliance and risk management functions of the Group.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

Board Composition

During the Reporting Period and up to the date of this annual report, the Directors were:

Executive Directors:

Mr. Zhang Zhangsun (Chairman)
Ms. Ruan Wenjuan
Mr. Yang Huabin (appointed on January 29, 2024)
Mr. Feng Yang (appointed on January 29, 2024)
Mr. Zhao Yuhong (appointed on January 29, 2024)
Ms. Dong Xueer (resigned on January 29, 2024)
Mr. Hao Zhenhe (resigned on January 29, 2024)
Mr. Sun Xiaodong (resigned on January 29, 2024)

Independent Non-executive Directors:

Ms. Chen Jinrong (appointed on January 29, 2024)
Mr. Deng Zhidong (appointed on January 29, 2024)
Mr. Yuan Hao (appointed on November 29, 2024)
Mr. Liu Chengjiang (resigned on January 29, 2024)

The biographies of the Directors are set out under the section headed "Directors' and Senior Management's Profiles" of this annual report.

The Board at all times meet the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise; and the requirements under Rule 3.10A of the Listing Rules that the number of independent non-executive Directors appointed by the issuer shall represent at least one-third of the Board.

Following the retirement of Mr. Luo Zhenbang as an independent non-executive Director on June 30, 2023 and the resignation of Mr. Lai Siming as an independent non-executive Director on August 24, 2023, the Company had only one independent non-executive Director, Mr. Liu Chengjiang, thus the number of the independent non-executive Directors fell below the minimum number requirement under Rule 3.10(1) of the Listing Rules and fell below the representation of one-third of the members of the Board as required under Rule 3.10A of the Listing Rules. As a result of the insufficient number of independent non-executive Directors, the Company had also failed to comply with the requirements set out in Rule 3.21 of the Listing Rules with regard to the minimum number of members and the composition of the Audit Committee, Rule 3.25 of the Listing Rules with regard to the composition requirement of the Remuneration Committee and Rule 3.27A with regard to the composition requirement of the Nomination Committee.

Following the resignation of Mr. Liu Chengjiang as an independent non-executive Director and the appointment of Ms. Chen Jinrong and Mr. Deng Zhidong as independent non-executive Directors on January 29, 2024, the number of independent non-executive Directors still fell below the minimum number required under Rule 3.10(1) of the Listing Rules and fell below the representation of one-third of the members of the Board as required under Rule 3.10A of the Listing Rules. As a result of the insufficient number of independent non-executive Directors, the Company had also failed to comply with the requirements set out in Rule 3.21 of the Listing Rules with regard to the minimum number of members and the composition of the Audit Committee. The Company has met the requirements set out in Rules 3.25 and 3.27A of the Listing Rules with regard to the composition of the Remuneration Committee and the Nomination Committee respectively.

Following the appointment of Mr. Yuan Hao as an independent non-executive Director on November 29, 2024, the number of independent non-executive Directors had satisfied the minimum number required under Rule 3.10(1) of the Listing Rules and the representation of one-third of the members of the Board as required under Rule 3.10A of the Listing Rules. The Company is also in compliance with Rules 3.21 of the Listing Rules with regard to the composition of the Audit Committee accordingly.

Each independent non-executive Director shall inform the company as soon as practicable if there is any change that may affect his/her independence. The company confirms that it still consider each independent nonexecutive Directors to be independent.

Ms. Ruan Wenjuan is the spouse of Mr. Zhang Zhangsun, the Chairman and one of the Controlling Shareholders of the Company. Save as disclosed in this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Director.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee, the Nomination Committee and the Internal Control Committee

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee, the Nomination Committee and the Internal Control Committee.

With regards to the CG Code requiring directors to disclose to the issuer the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and an indication of the time involved, all the Directors have agreed to disclose their commitments and any change to the Company in a timely manner.

Directors' Training and Continuous Professional Development

All directors should keep abreast of the responsibilities as a director, and of the conduct and business activities of the Company. The Company is responsible for arranging and funding suitable induction programme and ongoing training and professional development programme for the Directors. Accordingly, the Company will arrange an induction programme for any newly-appointed director before his/her formal appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and all relevant legal and regulatory requirements.

The Company also arranges regular seminars to provide all Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. The Company Secretary from time to time update and provide written training materials relating to the roles, functions and duties of a Director and encourage all the Directors to study such materials, and they are required to submit a signed training record to the Company on an annual basis.

The Directors confirmed that they have complied with the code provision C.1.4 of the CG Code on the Directors' training. Details of the continuous professional development participated by the Directors for the Reporting Period, that the Company received, are set out below:

Name of Directors	Attended seminars or briefing/read materials:	Name of Directors	Attended seminars or briefing/read materials:
Executive Directors:		**Independent Non-executive Directors:**	
Mr. Zhang Zhangsun (Chairman)	[✓]	Ms. Chen Jinrong (appointed on January 29, 2024)	[✓]
Ms. Ruan Wenjuan	[✓]	Mr. Deng Zhidong (appointed on January 29, 2024)	[✓]
Mr. Yang Huabin (appointed on January 29, 2024)	[✓]	Mr. Yuan Hao (appointed on November 29, 2024)	[✓]
Mr. Feng Yang (appointed on January 29, 2024)	[✓]		
Mr. Zhao Yuhong (appointed on January 29, 2024)	[✓]		

Chairman and President

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Under the current organization structure of the Company, Chairman Zhang is the chairman of the Board and the president of the Company. Chairman Zhang has been overseeing the Group's strategic planning, operation and management since the Group was founded. The Company believes that the vesting the roles of both chairman and president in Chairman Zhang is beneficial to the business operation of the Group and will not have negative influence on the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals with sufficient number thereof being independent non-executive Director.

Appointment and Re-Election of Directors

Mr. Zhang Zhangsun and Ms. Ruan Wenjuan, as executive Directors, have entered into service agreements with the Company on July 7, 2023 for a term of three years and may be terminated in accordance with the respective terms of the service agreements.

Mr. Yang Huabin, Mr. Feng Yang and Mr. Zhao Yuhong, as executive Directors, have entered into service agreements with the Company on January 29, 2024 for a term of three years and may be terminated in accordance with the respective terms of the service agreements.

Ms. Chen Jinrong and Mr. Deng Zhidong, as independent non-executive Directors, have entered into service agreements with the Company on January 29, 2024 for a term of three years and may be terminated in accordance with the respective terms of the service agreements..

Mr. Yuan Hao, the independent non-executive Director, has entered into a service agreement with the Company on November 29, 2024 for a term of three years and may be terminated in accordance with the terms of the service agreement. [Mr. Yuan, as a newly appointed Director during the year ended 31 December 2024, confirmed that he has on December 5, 2024 obtained the legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that is applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange, and he understood his obligations as a director of a listed issuer pursuant to Rule 3.09D of the Listing Rules.].

None of the Directors has a service agreement which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

According to Article 16.18 of the articles of association of the Company (the "Articles of Association"), at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director appointed pursuant to Article 16.2 or Article 16.3 shall not be taken into account in determining which Directors are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting of the Company at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

According to Article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting.

According to Article 16.3 of the Articles of Association, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, monitoring the appointment, re-election and succession planning of Directors.

Board Meetings

The Company adopted the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board Committees meetings, reasonable notice is generally given. The agenda and accompanying Board papers are dispatched to the Directors or committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the meeting prior to that meeting. Minutes of meetings are kept by the Company Secretary with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committees meetings are recorded in sufficient detail the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committees meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting was held. The minutes of the Board meetings and Board Committees meetings are open for inspection by Directors.

For the Reporting Period, four Board meetings were held and the attendance of the individual Directors at these meetings is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Zhang Zhangsun (Chairman)	4/4
Ms. Ruan Wenjuan	4/4
Mr. Yang Huabin (appointed on January 29, 2024) *(Note 1)*	3/3
Mr. Feng Yang (appointed on January 29, 2024) *(Note 1)*	3/3
Mr. Zhao Yuhong (appointed on January 29, 2024) *(Note 1)*	3/3
Ms. Dong Xueer (resigned on January 29, 2024) *(Note 2)*	0/1
Mr. Hao Zhenhe (resigned on January 29, 2024) *(Note 2)*	0/1
Mr. Sun Xiaodong (resigned on January 29, 2024) *(Note 2)*	0/1
Ms. Chen Jinrong (appointed on January 29, 2024) *(Note 1)*	3/3
Mr. Deng Zhidong (appointed on January 29, 2024) *(Note 1)*	3/3
Mr. Yuan Hao (appointed on November 29, 2024) (Note 3)	N/A
Mr. Liu Chengjiang(resigned on January 29, 2024) (Note *2)*	1/1

Notes:

1. Mr. Yang Huabin, Mr. Feng Yang, Mr. Zhao Yuhong, Ms. Chen Jinrong and Mr. Deng Zhidong were appointed on January 29, 2024, 3 Board meetings were held after their appointment.
2. Ms. Dong Xueer, Mr. Hao Zhenhe, Mr. Sun Xiaodong and Mr. Liu Chengjiang resigned on January 29, 2024, 1 Board meeting was held before their resignation.
3. Mr. Yuan Hao was appointed on November 29, 2024, no Board meeting was held after his appointment.

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code for the Reporting Period.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have resources to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board.

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of all Directors and delegated the corporate governance duties to the Audit Committee which include:

(i) to formulate and review the Company's policy and practices on corporate governance and make recommendations to the Board;

(ii) to review and monitor the training and continuous professional development of directors and senior management;

(iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(v) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

General Meetings

For the Reporting Period, one general meeting was held on June 28, 2024 and the attendance of the individual Directors at the meeting is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Zhang Zhangsun (Chairman)	1/1
Ms. Ruan Wenjuan	1/1
Mr. Yang Huabin (appointed on January 29, 2024)*(Note 1)*	1/1
Mr. Feng Yang (appointed on January 29, 2024) *(Note 1)*	1/1
Mr. Zhao Yuhong (appointed on January 29, 2024)*(Note 1)*	1/1
Ms. Dong Xueer (resigned on January 29, 2024) *(Note 2)*	N/A
Mr. Hao Zhenhe (resigned on January 29, 2024) *(Note 2)*	N/A
Mr. Sun Xiaodong (resigned on January 29, 2024) *(Note 2)*	N/A
Ms. Chen Jinrong (appointed on January 29, 2024) *(Note 1)*	1/1
Mr. Deng Zhidong (appointed on January 29, 2024) *(Note 1)*	1/1
Mr. Yuan Hao (appointed on November 29, 2024) *(Note 3)*	N/A
Mr. Liu Chengjiang(resigned on January 29, 2024) *(Note 2)*	N/A

Notes:
1.Mr. Yang Huabin, Mr. Feng Yang, Mr. Zhao Yuhong, Ms. Chen Jinrong and Mr. Deng Zhidong were appointed on January 29, 2024, 1 general meeting was held after their appointment.
2.Ms. Dong Xueer, Mr. Hao Zhenhe, Mr. Sun Xiaodong and Mr. Liu Chengjiang resigned on January 29, 2024, no general meeting was held before their resignation.
3.Mr. Yuan Hao was appointed on November 29, 2024, no general meeting was held after his appointment.

BOARD COMMITTEES

Nomination Committee

The Nomination Committee comprises three members, being one executive Director, namely Mr. Zhang Zhangsun (chairman), and two independent non-executive Directors, namely Ms. Chen Jinrong and Mr. Deng Zhidong. Accordingly, the majority of them are independent non-executive Directors.

The main duties of the Nomination Committee include:

- to review the structure, size and composition of the Board and make recommendations regarding any proposed changes;
- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- to make recommendations to the Board on appointment or re-appointment of and succession planning for Directors; and
- to assess the independence of independent non-executive Directors.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

With a view to enhancing Board effectiveness and corporate governance, the Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

The Nomination Committee held two meetings during the Reporting Period to review the structure, size and composition of the Board, assess the independence of independent non-executive Directors, assess the Board Diversity Policy and review the proposed appointment of Director. The attendance record of the Nomination Committee memembers is as follows:

Directors	Attended/Eligible to attend
Mr. Zhang Zhangsun	2/2
Ms. Chen Jinrong (appointed on January 29, 2024)[1]	2/2
Mr. Deng Zhidong (appointed on January 29, 2024)[1]	2/2

Note: 1.Ms. Chen Jinrong and Mr. Deng Zhidong were appointed on January 29, 2024, 2 Nomination Committee meetings were held after their appointment.

Board Diversity Policy

The Company has adopted the Board Diversity Policy with measurable objectives. The Nomination Committee evaluates the balance and blend of skills, experience and diversity of perspectives of the Board. Selection of candidates is based on a range of diversity perspectives, including but not limited to age, gender, cultural and educational background, professional and industry experience, skills, knowledge, ethnicity and other qualities essential to the Company's business, and merit and contribution that the selected candidates will bring to the Board. The Board will review such measurable objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

1.The Company should comply with the requirements on board composition under the Listing Rules from time to time.

2.The number of independent non-executive Directors should be not less than three and one-third of the Board.

3.At least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise.

4.At least one Director should be the professional or have intensive experience of the industry on which the business of the Group is.

5.There shall be at least one male and one female Board member each, subject to any more stringent requirements under the Listing Rules/any applicable laws and regulations, if any.

The Board has reviewed the Board Diversity Policy and its effectiveness for the Reporting Period. The Board has achieved the measurable objectives under the Board Diversity Policy for the Reporting Period except the non-compliance as stated in this annual report.

Progress on and Status of Gender Diversity

As at the date of this annual report, the Board comprises six male Directors and two female Directors. The Nomination Committee considered that the Board had achieved gender diversity and possessed skill and expertise and a diverse mix appropriate for the business of the Company and will review the composition and diversity of the Board annually to ensure its continued effectiveness.

Measures to develop a pipeline of potential successors to achieve gender diversity:
(a) The Board will identify potential successors internally, having regard to the industry expertise, leadership skills, decision making capabilities, communication skills and professional qualification of the staff.
(b) The Board will also consider outside sources such as head hunter and referral.

The details of workforce composition (including senior management) are included in the Environmental, Social and Governance Report for the Reporting Period.

Remuneration Committee

The Remuneration Committee comprises three members, being two independent non-executive Directors, namely Mr. Deng Zhidong (chairman) and Ms. Chen Jinrong, and one executive Director, namely Ms. Ruan Wenjuan. Accordingly, the majority of them are independent non-executive Directors.

The main duties of the Remuneration Committee include:

(i) to make recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy;

(ii) to make recommendations to the Board on the remuneration of individual executive Directors and senior management, including benefits in kind, pension rights and compensations (including any compensation payable for loss or termination of office or appointment);

(iii) to make recommendations to the Board on the remuneration of non-executive Directors;

(iv) to ensure that no Director or any of his/her associates is involved in determining his/her own remuneration; and

(v) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment terms for other positions of the Group.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

The Remuneration Committee held two meetings during the Reporting Period to discuss and review the remuneration policy for all Directors and senior management of the Company, made recommendations to the Board on the remuneration packages of individual executive and non-executive Directors and senior management and made recommendations to the Board on the remuneration packages of a proposed Director. The attendance record of the Remuneration Committee members is as follows:

Directors	Attended/Eligible to attend
Ms. Ruan Wenjuan	2/2
Mr. Deng Zhidong (appointed on January 29, 2024)*(Note)*	2/2
Ms. Chen Jinrong (appointed on January 29, 2024) *(Note)*	2/2

Note: Ms. Chen Jinrong and Mr. Deng Zhidong were appointed on January 29, 2024, 2 Remuneration Committee meetings were held after their appointment.

For details of the remuneration of the Directors, please refer to Note 13 to the consolidated financial statements. Details of the remuneration by band of other senior management of the Company, whose biographies are set out on page 173 of this annual report, for the Reporting Period are set out below:

Remuneration band (RMB'000)	Number of individual
above 1,500	1
below 1,500	1

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely Ms. Chen Jinrong (chairman), Mr. Deng Zhidong and Mr. Yuan Hao. Following the retirement of Mr. Luo Zhenbang as an independent non-executive Director and cessation as a member of the Audit Committee on June 30, 2023 and the resignation of Mr. Lai Siming as an independent non-executive Director and cessation as a member of the Audit Committee on August 24, 2023, the Audit Committee comprises only one independent non-executive Director, Mr. Liu Chengjiang, which failed to meet the requirement under Rule 3.21 of the Listing Rules that the Audit Committee must comprise a minimum of three members. Following the resignation of Mr. Liu Chengjiang as an independent non-executive Director and cessation as a member of the Audit Committee and the appointment of Ms. Chen Jinrong and Mr. Deng Zhidong as independent non-executive Directors and members of the Audit Committee on January 29, 2024, the Audit Committee comprises only two independent non-executive Directors, which still failed to meet the requirement under Rule 3.21 of the Listing Rules until the Company appointed Mr. Yuan Hao as an independent non-executive Director and a member of the Audit Committee on November 29, 2024. The main duties of the Audit Committee include:

- to monitor and review the financial statements, annual reports and accounts, half-year reports and quarterly reports (if any), and to review significant financial reporting judgments contained in them and to consider any significant or unusual items raised by the internal audit division or external auditor before submission to the Board;
- to review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re- appointment and removal of external auditor; and
- to review the adequacy and effectiveness of the Company's financial report system, internal control system and risk management system and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programmers and budget of the Company's accounting and financial reporting function.

For the Reporting Period, two meetings of the Audit Committee were held and the attendance record of the Audit Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Ms. Chen Jinrong (appointed on January 29, 2024) (Note 1)	2/2
Mr. Deng Zhidong (appointed on January 29, 2024) (Note 1)	2/2
Mr. Yuan Hao (appointed on November 29, 2024) (Note 2)	1/1
Mr. Liu Chengjiang (resiged on January 29, 2024) (Note 3)	N/A

Notes:

1. Ms. Chen Jinrong and Mr. Deng Zhidong were appointed on January 29, 2024, 2 Audit Committee meetings were held after their appointment.
2. Mr. Yuan Hao was appointed on November 29, 2024, 1 Audit Committee meeting was held after his appointment.
3. Mr. Liu Chengjiang resigned on January 29, 2024, no Audit Committee meeting was held before his resignation.

During the Reporting Period, the Audit Committee had performed the following works:

1.Financial Reporting

reviewed the audited consolidated financial statements for the year ended December 31, 2023 in conjunction with the external auditor of the Company and the unaudited financial statements for the six months ended June 30, 2024;

reviewed the auditing and financial reporting matters, including the key audit matters of the consolidated financial statements for the year ended December 31, 2023 which are set out in the annual report of the Company for the year ended December 31, 2023;

reviewed the audit planning for the year ended December 31, 2024 in conjunction with the external auditor;

2.External Auditors

reviewed the remuneration, terms of engagement and the independence of the external auditors of the Company;

reviewed the re-appointment of external auditors of the Company and was satisfied with their work, their independence, and their objectivity, and therefore recommended the re-appointment of Solar CPA Limited (which had indicated their willingness to continue in office) as the Group's external auditors for Shareholders' approval at the annual general meeting held on June 28, 2024; and

3.Risk Management and Internal Controls

reviewed the effectiveness of risk management and internal control systems.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

Internal Control Committee

The Internal Control Committee comprises three members, being two independent non-executive Directors, namely Mr. Yuan Hao (chairman) and Ms. Chen Jinrong, and one executive Director, namely Ms. Ruan Wenjuan. The main duties of the Internal Control Committee include:

(i) to formulate and implement internal control handbook, policies and guidelines in relation to project management, cash flow management, capital management and internal audit procedures and make recommendations to the Board;

(ii) to monitor the Company's internal control status, including but not limited to project development, lease registration and non-compliant inter-company loans;

(iii) to develop and monitor the implementation of internal control communication channels between different departments within the Company to ensure their effectiveness; and

(iv) to review and discuss the solutions to regulatory, compliance and internal control related matters and report to the Board on a quarterly basis.

For the Reporting Period, two meetings of the Internal Control Committee were held and the attendance record of the Internal Control Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Yuan Hao (appointed on November 29, 2024) *(Note 1)*	N/A
Ms. Chen Jinrong (appointed on January 29, 2024) *(Note 2)*	1/1
Ms. Ruan Wenjuan	1/1
Mr. Liu Chengjiang (resigned on January 29, 2024) *(Note 3)*	N/A

Notes:
1. Mr. Yuan Hao was appointed on November 29, 2024, no Internal Control Committee meeting was held after his appointment.
2. Ms. Chen Jinrong was appointed on January 29, 2024, 1 Internal Control Committee meeting was held after her appointment.
3. Mr. Liu Chengjiang resigned on January 29, 2024, no Internal Control Committee meeting was held before his resignation

The Internal Control Committee reviewed the Company's internal control status, internal audit policy and procedures, human resources policy and risk management system for the Reporting Period.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the remuneration of Directors and five highest paid employees have been set out in note 13 to the consolidated financial statements.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the Reporting Period in accordance with statutory requirements and applicable accounting standards, which give a true and fair view of the affairs of the Group and of its results and cash flows. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner and prepared the financial statements on a going concern basis for the reasons as set out in note 3 to the financial statements.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 206 to 208 of this annual report.

DETAILS ON THE 2024 AUDIT REVISION

The Board would like to provide information in relation to uncertainties relating to going concern pursuant to the disclosure requirements of code provision D.1.3 as set out in the CG Code as follows:

As of December 31, 2024, the Group incurred a loss of approximately RMB1,415,503,000 for the year ended December 31, 2024, and as of that date, the Group has net current assets of approximately RMB1,053,722,000. As at December 31, 2024, the Group's bank and other borrowings with the aggregate carrying amount of approximately RMB7,620,237,000 was due on demand or within one year, while its cash and cash equivalents amounted to only approximately RMB70,451,000 and restricted bank deposits for construction of pre-sale properties and for mortgage loans granted to customers amounted to approximately RMB107,717,000, which can be used for payments for project costs when approval from related government authority is obtained. The current assets of the Group include properties under development for sale and properties held for sale of approximately RMB20,909,924,000 in aggregate of which approximately RMB16,458,756,000 in aggregate are not expected to be realised within 12 months from the end of the Reporting Period.

Due to the impact of market sentiment, as at December 31, 2024, the Group had not repaid senior notes and bank and other borrowings of approximately RMB3,942,744,000 and RMB5,396,323,000 respectively according to their scheduled repayment dates, and as a result, these borrowings might be demanded for early repayment. As at December 31, 2024, the Group's senior notes amounting to RMB1,266,195,000 is held by All together Land, the ultimate holding company. In addition, based on the business model, the Group relied to a great extent on proceeds received from properties pre-sale to finance its development and construction of real estate projects. These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern, and form the basis for the independent auditor's inability to express an opinion on the financial statements of the Company for the year ended December 31, 2024 ("Revised Audit in 2023"). (See Note 3 to the consolidated financial statements).

(a) Management's position on the 2024 audit revision

Prior to the announcement of our annual performance in 2024, our management had discussed with our independent auditor and understood their concerns and reasons for not being able to express an opinion. The management believes that it is appropriate to prepare the comprehensive financial statements based on going concern, which is further elaborated in the section "Going concern basis" of Note 3 to the comprehensive financial statements.

(b) Opinion of the Audit Committee on the 2024 Audit Revision and Management Position

The audit committee has reviewed and agreed with the management's position on the assumption of going concern based on:

(i) The management has been negotiating with creditors and is still actively negotiating to achieve overall management of their debts;

(ii) The normal operation of the Group;

(c) Action Plan for Responding to Audit Revision in 2024

Given the relevant circumstances, as stated in Note 3 to the consolidated financial statements, the company has taken the following action plans to alleviate its liquidity issues:

(i) For borrowings which will be maturing before December 31, 2024, the Group is actively negotiating with the senior notes holders and banks for the extension of the repayment schedules. The Directors do not expect to experience significant difficulties in renewing most of these bank borrowings upon their maturities and there is no indication that these bank lenders will not renew the existing bank borrowings upon the Group's request. The Directors have evaluated the relevant facts available to them and are of the opinion that the Group would be able to renew such borrowings;

(ii) the Group would sell part of its investment properties in order to improve the Group's financial position, liquidity and cash flows;

(iii) the Group would implement of the plans and measures to the pre-sales and sales of properties under development for sale and properties held for sales and timely collection of the relevant sales proceeds; and

(iv) the Group applies cost control measures in cost of sales and services and administrative expenses

The independent auditor's concerns regarding the easing of the audit revision in 2024 (i.e. significant uncertainties regarding whether the Group can achieve its plans and measures) are set out in the "going concern basis" section of Note 3 to the consolidated financial statements. The Audit Committee believes that the above action plans are appropriate and effective in alleviating the liquidity problem of the Group.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board for maintaining adequate risk management (including environmental, social and governance risks) and internal control systems to safeguard Shareholders' investments and Company's assets and reviewing the effectiveness of such systems on an annual basis. The Group has established a robust risk management and internal control framework, which consists of the Board, the Audit Committee, the Internal Control Committee and the senior management of the Group. The Board further clarified that the aforementioned systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board, through the Audit Committee and Internal Control Committee, determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the overall effectiveness of risk management. The Group identifies key risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritizes the identified risks according to a set of standard criteria. Risk mitigation plans are then established by the risk owners to manage the risk to acceptable level.

The Group's internal audit department plays a major role in monitoring the internal governance of the Company. The major tasks of the internal audit department are reviewing the financial conditions and internal control of the Company and conducting comprehensive audits of all subsidiaries of the Company on a regular basis.

The Board, through the Audit Committee and Internal Control Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group covering all material controls, including financial, operational and supervisory controls and risk management functions and, in particular, considering the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting and financial reporting function. Based on comments from the Audit Committee and Internal Control Committee, the Board considered the risk management and internal control systems to be effective and adequate.

The Company takes the Guidelines on Disclosure of inside Information issued by the Securities and Futures Commission of Hong Kong as the Company's basis of identification of inside information, to ensure the timely report of inside information to the executive directors and maintain communication with the Board. Meanwhile, the Company handles and disseminates the inside information according to the related policy to ensure that the inside information is kept confidential before being approved for dissemination and the relevant information will be released effectively and conformablyial before being approved for dissemination and the relevant information will be released effectively and conformably.

AUDITORS' REMUNERATION

For the Reporting Period, the external auditors of the Group provided the following services to the Group:

	2024 RMB'000	2023 RMB'000
WM CPA Limited		
Audit service	**2,000**	
Solar CPA Limited		
Audit service		2,000
Non-audit service		200

COMPANY SECRETARY

Ms. Chan Lok Tung ("Ms. Chan"), the Company Secretary, is responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed.

Ms. Chan, is delegated by an external service provider. The external service provider's primary contact person at the Company is Mr. Zhang Hansheng, the employee of the Company.

Ms. Lam Yuen Ling Eva has tendered her resignation as a joint company secretary of the Company with effect from 29 November, 2024. Following the resignation of Ms. Lam Yuen Ling Eva, the Board has resolved to appoint Ms. Chan as the company secretary of the Company with effect from 29 November, 2024.

Ms. Chan and Ms. Lam Yuen Ling Eva have informed the Company that they have taken at least 15 hours of training covering corporate governance to comply with the requirements under Rule 3.29 of the Listing Rules for the Reporting Period

DIVIDEND POLICY

The Board shall recommend dividends based on the actual and expected financial results of the Group, the overall business conditions and business strategy of the Group, the relevant Company laws and the Articles of Association and other relevant factors that the Board considers. The Company may, from time to time, declare a dividend to the shareholders of the Company at the shareholders' meeting, but may not exceed the amount of dividends recommended by the Board.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make informed investment decisions.

The annual general meeting(s) of the Company provides opportunity for Shareholders to communicate directly with the Directors. The Chairman, and the chairmen of the Board committees of the Company will attend the annual general meeting(s) to answer Shareholders' questions. The external auditor of the Company will also attend the annual general meeting(s) to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a Shareholders' communication policy (the "Shareholders' Communication Policy") which is subject to the annual review by the Board and aims at establishing a two-way relationship and communication between the Company and its Shareholders and maintains a website at www.glorypty.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

During the year, the Board has reviewed the implementation of the Shareholders' Communication Policy, including measures taken and inquiries received at the general meetings. The Board considers such policy to be effective.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at Shareholder meetings, including the election of individual Directors.

All resolutions put forward at Shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Stock Exchange and the Company in a timely manner after each Shareholder meeting.

Convening of extraordinary general meeting and putting forward proposals

Pursuant to Article 12.3 of the Articles of Association, general meetings shall be convened on the written requisition of one or more members of the Company (including a recognised clearing house (or its nominee)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition in aggregate not less than one-tenth of the voting rights at general meetings (on a one vote per share basis) in the share capital of the Company, such member(s) may also add resolutions to the agenda of a meeting. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company. As regards proposing a person for election as a Director, the procedures are available on the Company's website.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the principal place of business of the Company in Hong Kong at Unit A, 26/F, Yan's Tower, 27 Wong Chuk Hang Road, Hong Kong (email address: ir@glorypty.com).

INDEPENDENT VIEW POLICY

Our Company has established different channels to enable all Directors, including independent non-executive Directors, to express their opinions to the Board in a frank and honest manner. If necessary, they can be made in a confidential manner. All Directors can also have separate and independent access to the management of the Group, and obtain comprehensive and timely information about the Company to make informed decisions.

The Board can obtain independent opinions and opinions through the following mechanisms:

(a) The Board should have at least three independent non-executive Directors (or a higher minimum number as stipulated by the Listing Rules), and at least one-third of the members (or a higher minimum number as stipulated by the Listing Rules) should be independent non-executive Directors, so that the Board has a high degree of independence and can effectively make independent judgments;

(b) The Nomination Committee should strictly adhere to the independence evaluation criteria for the nomination and appointment of independent non-executive Directors in accordance with the Listing Rules;

(c) The Nomination Committee is authorized to evaluate the independence of independent non-executive Directors annually in accordance with the independence standards stipulated in the Listing Rules, in order to ensure that independent non-executive Directors can make independent judgments;

(d) Independent non-executive Directors are required to submit an independence confirmation letter to the Company annually and notify the Company as soon as possible of any changes in their personal information that may have a significant impact on their independence;

(e) All Directors (including independent non-executive Directors) have the right to request further data and documents from the management regarding the matters discussed at the board meeting, and may seek independent professional opinions if necessary, with the expenses borne by the Company;

(f) All Directors (including independent non-executive Directors) or any close contacts who have significant interests in any matter under review at the meeting shall declare their interests before the meeting and abstain from voting on relevant resolutions, and shall not be counted in the quorum of the meeting. If independent non-executive Directors and their contacts have no interest in the matter, they should attend the meeting; and

(g) The Chairman shall hold at least one meeting annually with independent non-executive Directors in the absence of other Directors to discuss significant matters and any matters of concern.

During the Reporting Period, the Board reviewed the above mechanism to ensure that it could obtain independent opinions, and believed that the existing mechanism remain effective. The Board will continue to review the implementation and effectiveness of relevant mechanism annually.

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended December 31, 2024, there had been no change in the Company's constitutional documents.

Corporate Information

DIRECTORS

Executive Directors

Mr. Zhang Zhangsun *(Chairman)*
Ms. Ruan Wenjuan
Mr. Yang Huabin (appointed on January 29, 2024)
Mr. Feng Yang (appointed on January 29, 2024)
Mr. Zhao Yuhong (appointed on January 29, 2024)
Ms. Dong Xueer (resigned on January 29, 2024)
Mr. Hao Zhenhe (resigned on January 29, 2024)
Mr. Sun Xiaodong (resigned on January 29, 2024)

Independent Non-Executive Directors

Ms. Chen Jinrong (appointed on January 29, 2024)
Mr. Deng Zhidong (appointed on January 29, 2024)
Mr. Yuan Hao (appointed on November 29, 2024)
Mr. Liu Chengjiang (resigned on January 29, 2024)

COMPANY SECRETARY

Ms. Chan Lok Tung (appointed on November 29, 2024)
Ms. Lam Yuen Ling Eva (appointed on February 7, 2024 and resigned on November 29, 2024)

AUTHORIZED REPRESENTATIVES

Mr. Zhang Zhangsun
Mr. Zhao Yuhong

AUDIT COMMITTEE

Ms. Chen Jinrong (Committee Chairman) (appointed on January 29, 2024)
Mr. Deng Zhidong (appointed on January 29, 2024)
Mr. Yuan Hao (appointed on November 29, 2024)
Mr. Liu Chengjiang (resigned on January 29, 2024)

REMUNERATION COMMITTEE

Mr. Deng Zhidong (Committee Chairman) (appointed on January 29, 2024)
Ms. Ruan Wenjuan
Ms. Chen Jinrong (appointed on January 29, 2024)

NOMINATION COMMITTEE

Mr. Zhang Zhangsun (Committee Chairman)
Ms. Chen Jinrong (appointed on January 29, 2024)
Mr. Deng Zhidong (appointed on January 29, 2024)

INTERNAL CONTROL COMMITTEE

Mr. Yuan Hao (Committee Chairman) (appointed on November 29, 2024)
Ms. Chen Jinrong (appointed on January 29, 2024)
Ms. Ruan Wenjuan
Mr. Liu Chengjiang (resigned on January 29, 2024)

AUDITOR

WM CPA Limited (appointed on January 9, 2025)
18/F, Jing xing Centre, 25 King's Road , Hong Kong

Solar CPA Limited (appointed on January 12, 2024 and resigned on November 22, 2024)
9/F, Wui Tat Centre, 55 Connaught Road West, Sheung Wan, Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation

LEGAL ADVISORS

As to Hong Kong Law
Long An & Lam LLP
Rooms 1804-06,18/F,
Wing On House,
71 Des Voeux Road Central
Central,Hong Kong

REGISTERED OFFICE

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

CORPORATE HEAD OFFICE IN HONG KONG

Unit A, 26/F, Yan's Tower
27 Wong Chuk Hang Road
Hong Kong

CORPORATE HEADQUARTERS INPEOPLE'S REPUBLIC OF CHINA

East Block, Hademen Plaza
8-1#Chongwenmenwai StreetDongcheng District,
Beijing PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LISTING INFORMATION

Share Listing

The Company's ordinary shares
The Stock Exchange of Hong Kong Limited
Stock Code: 02329

WEBSITE

http://www.glorypty.com

Independent Auditor's Report

WM CPA LIMITED
維文會計師事務所有限公司

To the Shareholders of Glory Health Industry Limited (formerly known as Glory Land Company Limited and carrying on business in Hong Kong as "Guorui Properties Limited")
(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Glory Health Industry Limited (formerly known as Glory Land Company Limited and carrying on business in Hong Kong as Guorui Properties Limited) (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 209 to 322, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

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

BASIS FOR DISCLAIMER OF OPINION

Scope limitation relating to the going concern basis of preparing the consolidated financial statements

As set out in note 3 to the consolidated financial statements, the Group incurred a loss of approximately RMB1,415,503,000 for the year ended December 31, 2024, and as of that date, the Group has net current assets of approximately RMB1,053,722,000. As at December 31, 2024, the Group's bank and other borrowings with the aggregate carrying amount of approximately RMB7,620,237,000 was due on demand or within one year, while its cash and cash equivalents amounted to only approximately RMB70,451,000 and restricted bank deposits for construction of pre-sale properties and for mortgage loans granted to customers amounted to approximately RMB107,717,000, which can be used for payments for project costs when approval from related government authority is obtained. As at December 31, 2024, the Group had not repaid senior notes and bank and other borrowings of approximately RMB3,942,744,000 and RMB5,396,323,000 respectively according to their scheduled repayment dates, and as a result, these borrowings might be demanded for early repayment.

The above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern, and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

BASIS FOR DISCLAIMER OF OPINION（CONTINUED）

As detailed in note 3 to the consolidated financial statements, in view of the above circumstances, the directors of the Company have prepared a cash flow forecast of the Group which takes into account certain plans and measures. The validity of the going concern assumption is dependent on the successful and favourable outcomes of these plans and measures being undertaken by the management of the Company, which are subject to uncertainties including (i) successful negotiation with the senior notes holders and the banks for the extension of the repayment schedules; (ii) successful disposal of certain investment properties and timely collection of the relevant sales proceeds; (iii) successful implementation of the plans and measures to the pre-sales and sales of properties under development for sale and properties held for sales and timely collection of the relevant sales proceeds; and (iv) control the administrative costs and capital expenditures. The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its operating and financing needs as and when they fall due within the twelve months from December 31, 2024 and would be able to continue as a going concern. Therefore, the consolidated financial statements have been prepared on a going concern basis.

The appropriateness of the preparation of the consolidated financial statements on the going concern basis depends on whether the above-mentioned assumptions and other assumptions set out in note 3 to the consolidated financial statements taken into account by the directors of the Company in the going concern assessment are achievable.

However, in respect of the assumptions regarding the successful and favourable outcomes of the plans and measures being undertaken by the management of the Company as detailed in note 3 to the consolidated financial statements and the development of the events, we were unable to obtain sufficient and appropriate audit evidence regarding the assumptions used in the going concern basis. There were no other satisfactory audit procedures that we could adopt to conclude whether it is appropriate to use the going concern assumption to prepare these consolidated financial statements.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value 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. The effect of these adjustments has not been reflected in these consolidated financial statements.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The audit committee of the Company assists the directors of the Company in discharging their responsibilities 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 ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

WM CPA Limited
Certified Public Accountants

Chow Wing Yiu
Practising Certificate Number: P07574

Hong Kong, March 28,2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	*5*		
Contract with customers		**2,418,535**	2,172,949
Rental income		**286,797**	333,336
Total revenue		**2,705,332**	2,506,285
Cost of sales and services		**(2,149,768)**	(2,556,565)
Gross profit/ (loss)		**555,564**	(50,280)
Other gains and losses, net	*7*	**(31,436)**	127,356
Other income	*8*	**116,935**	139,786
Change in fair value of investment properties	*17*	**(498,940)**	263,500
Impairment losses under expected credit loss model, net of reversal	*11*	**(59,642)**	(59,264)
Distribution and selling expenses		**(88,369)**	(83,516)
Administrative expenses		**(188,983)**	(323,194)
Other expenses	*9*	**(109,807)**	(35,674)
Share of (loss) of joint ventures		**(4,538)**	(67,438)
Share of (loss) of associates		**(65,391)**	(5,123)
Finance costs	*10*	**(1,061,701)**	(561,613)
(Loss) before income tax		**(1,436,308)**	(655,460)
Income tax credit	*14*	**20,805**	61,957
(Loss) for the year	*12*	**(1,415,503)**	(593,503)
Other comprehensive (loss)			
Total comprehensive (loss) for the year		**(1,415,503)**	(593,503)
(Loss) for the year attributable to:			
Owners of the Company		**(1,240,429)**	(563,971)
Non-controlling interests		**(175,074)**	(29,532)
		(1,415,503)	(593,503)
Total comprehensive (loss) for the year attributable to:			
Owners of the Company		**(1,240,429)**	(563,971)
Non-controlling interests		**(175,074)**	(29,532)
		(1,415,503)	(593,503)
(Loss) per share attributable to the owners of the Company	*15*		
– Basic (RMB cents)		**(0.28)**	(0.13)
– Diluted (RMB cents)		**(0.28)**	(0.13)

Consolidated Statement of Financial Position

December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Investment properties	17	19,383,270	20,577,166
Property, plant and equipment	18	2,380,376	2,928,087
Right-of-use assets	19	244,763	251,679
Other non-current assets	20	1,434,388	1,418,303
Interests in joint ventures	21	60,944	82,963
Interests in associates	22	-	65,391
Equity instruments at FVTOCI	23	13,481	13,481
Deferred tax assets	25	581,670	377,100
Restricted bank deposits	32	14,899	101,187
Value added tax and tax recoverable		725,260	818,604
		24,839,051	26,633,961
Current assets			
Inventories		786	1,315
Deposits paid for acquisition of land	26	107,534	107,534
Properties under development for sale	27	18,306,878	19,680,877
Properties held for sale	27	2,603,046	2,501,280
Trade and other receivables, deposits and prepayments	29	5,885,422	2,034,005
Contract assets	30	2,292,769	1,987,632
Contract costs	31	33,700	40,324
Value added tax and tax recoverable		203,327	276,958
Amounts due from related parties	50	2,745,190	2,870,952
Restricted bank deposits	32	116,524	143,991
Bank balances and cash	33	70,451	74,697
		32,365,627	29,719,565

	Notes	2024 RMB'000	2023 RMB'000
Current liabilities			
Trade and other payables	*34*	**8,501,284**	5,953,828
Contract liabilities	*35*	**4,530,157**	5,029,678
Amounts due to related parties	*50*	**3,557,084**	3,764,398
Tax payable	*36*	**3,159,718**	3,302,892
Lease liabilities	*37*	**681**	1,081
Bank and other borrowings – due within one year	*38*	**7,620,237**	8,002,459
Senior notes	*39*	**3,942,744**	3,598,057
		31,311,905	29,652,393
Net current assets		**1,053,722**	67,172
Total assets less current liabilities		**25,892,773**	26,701,133
Non-current liabilities			
Rental deposits received	*34*	**114,919**	112,412
Lease liabilities	*37*	**-**	673
Bank and other borrowings – due after one year	*38*	**11,225,550**	10,573,871
Deferred tax liabilities	*25*	**2,182,402**	2,228,772
		13,522,871	12,915,728
Net assets		**12,369,902**	13,785,405
Capital and reserves			
Share capital	*40*	**3,520**	3,520
Reserves		**9,925,171**	11,165,600
Equity attributable to owners of the Company		**9,928,691**	11,169,120
Non-controlling interests		**2,441,211**	2,616,285
Total equity		**12,369,902**	13,785,405

The consolidated financial statements on pages 209 to 322 were approved and authorized for issue by the Board of Directors on March 28, 2025 and are signed on its behalf by:

Zhang Zhangsun
Chairman

Ruan Wenjuan
Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2024

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Revaluation reserve RMB'000	FVTOCI reserve RMB'000	Other reserve RMB'000 *(note (i))*	Share-based payment reserve RMB'000	Statutory surplus reserve RMB'000 *(note (ii))*	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At January 1, 2023	3,520	8,027	133,379	168,181	(10,143)	194,725	–	1,347,626	9,887,776	11,733,091	2,645,817	14,378,908
Loss for the year	–	–	–	–	–	–	–	–	(563,971)	(563,971)	(29,532)	(593,503)
Total comprehensive loss for the year	–	–	–	–	–	–	–	–	(563,971)	(563,971)	(29,532)	(593,503)
Transfer of reserves	–	–	–	–	–	–	–	–	–	–	–	–
Dividend distributed to non-controlling interest shareholder	–	–	–	–	–	–	–	–	–	–	–	–
Disposal of investment properties	–	–	–	–	–	–	–	–	–	–	–	–
At December 31, 2023 and January 1, 2024	3,520	8,027	133,379	168,181	(10,143)	194,725	–	1,347,626	9,323,805	11,169,120	2,616,285	13,785,405
Loss for the year	–	–	–	–	–	–	–	–	**(1,240,429)**	**(1,240,429)**	**(175,074)**	**(1,415,503)**
Total comprehensive loss for the year	–	–	–	–	–	–	–	–	**(1,240,429)**	**(1,240,429)**	**(175,074)**	**(1,415,503)**
Transfer of reserves	–	–	–	–	–	–	–	–	–	–	–	–
Dividend distributed to non-controlling interest shareholder	–	–	–	–	–	–	–	–	–	–	–	–
Disposal of investment properties	–	–	–	–	–	–	–	–	–	–	–	–
At December 31, 2024	**3,520**	**8,027**	**133,379**	**168,181**	**(10,143)**	**194,725**	**–**	**1,347,626**	**8,083,376**	**9,928,691**	**2,441,211**	**12,369,902**

Notes:

(i) Other reserve mainly represents (a) the differences between the amount by which non-controlling interests are adjusted and the fair value of consideration paid or received by the Group (as defined in note 1) in acquiring or disposal of partial interests in existing subsidiaries or capital contribution from non-controlling equity holders of subsidiaries; and (b) deemed contribution from a related party of approximately RMB187,460,000 arising from acquisition of businesses during the year ended December 31, 2018.

(ii) In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China (the "**PRC**"), those subsidiaries are required to transfer 10% of the profit after taxation to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) before income tax		(1,436,308)	(678,620)
Adjustments for:			
Amortization of other non-current assets	12	553	908
Amortization of contract costs	12	8,231	10,880
Changes in fair value of investment properties	17	498,940	(263,500)
Depreciation of property, plant and equipment	12	73,926	76,575
Depreciation of right-of-use assets	12	6,941	6,918
Finance costs	10	1,061,701	561,613
Impairment of properties under development for sales and properties held for sale	12	23,687	15,925
Impairment loss under expected credit loss model, net of reversal	11	59,642	59,264
Gains on disposal of property, plant and equipment	7	8,775	(214)
Interest income	8	(65,584)	(73,558)
Share of profit of associates		65,391	5,123
Share of loss of joint ventures		4,538	67,438
Gain on disposal of subsidiaries		8,940	(145,904)
Operating cash flows before movements in working capital		319,373	(357,152)
Increase in inventories		529	56
(Increase) in deposits paid for acquisition of land		–	(4,811)
Decrease in properties under development for sale and properties held for sale		1,764,170	2,621,490
Decrease in trade and other receivables, deposits and prepayments		(1,060,349)	(393,054)
Increase in contract assets		(308,208)	(95,326)
Increase in contract costs		(1,607)	–
Increase in amounts due from related parties		–	1,116
(Decrease)/increase in trade and other payables		159,990	729,342
Decrease in contract liabilities		(499,521)	(2,018,105)
Increase/(decrease) in amounts due to related parties		–	–
Cash from operations		374,376	483,556
Income tax and land appreciation tax paid		305,157	29,366
NET CASH FROM OPERATING ACTIVITIES		679,533	512,922

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		703	1,122
Purchase of property, plant and equipment and other non-current assets		(1,275)	(60,810)
Proceeds on disposal of property, plant and equipment		325	–
Payments for investment properties		–	–
Proceeds on disposal of investment properties		–	–
Net cash (outflow)/inflow on disposal of subsidiaries	*43*	–	195,883
(Advance to)/repayment from related parties		143,210	(79,114)
Withdrawal of restricted bank deposits		144,421	90,209
Placement of restricted bank deposits		(140,666)	(88,335)
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		146,718	58,955
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank borrowings raised		9,000	–
New loans from financial institutions raised		117,600	35,000
Repayments of bank borrowings		(42,250)	(172,243)
Repayments of loans from financial institutions		(120,022)	(40,521)
Repayments of lease liabilities		(1,199)	(1,174)
Advance from/(repayments to) related parties		133,782	26,982
Interest paid		(927,408)	(475,444)
NET CASH USED IN FINANCING ACTIVITIES		(830,497)	(627,400)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4,246)	(55,523)
CASH AND CASH EQUIVALENTS AT JANUARY 1,		74,697	130,220
CASH AND CASH EQUIVALENTS AT DECEMBER 31, REPRESENTED BY BANK BALANCES AND CASH		70,451	74,697

1. GENERAL INFORMATION

Glory Health Industry Limited (formerly known as Glory Land Company Limited (國瑞置業有限公司) and carrying on business in Hong Kong as "Guorui Properties Limited") (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Laws (2012 Revision) of the Cayman Islands on July 16, 2012. The name of the Company was changed to Glory Health Industry Limited (國瑞健康產業有限公司) in June 2022. Its parent and ultimate holding company is Alltogether Land Company Limited (通和置業有限公司) ("**Alltogether Land**"), a company incorporated in the British Virgin Islands (the "**BVI**"). Mr. Zhang Zhangsun, who holds 100% equity interests of Alltogether Land, is the ultimate beneficial owner of the Company.

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at East Block, Hademen Plaza, 8-1#Chongwenmenwai Street, Dongcheng District, Beijing, the People's Republic of China (the "**PRC**").

The Company's shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the business of property development, provision of primary land construction and development services, property investment, and provision of property management and related services.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand except where otherwise indicated.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**") for the first time, which are mandatorily effective for the annual period for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Except for the below, the application of the above new or amendments to IFRSs has had no material impact on the Group's financial performance and position for the current and prior periods and/or the disclosures set out in theses consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in this Note 2 to the consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

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

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1	Non-current Liabilities with Covenants[1]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[1]
Amendments to IAS 21	Lack of Exchange ability[2]

1 Effective for annual periods beginning on or after January 1, 2024
2 Effective for annual periods beginning on or after January 1, 2025
3 Effective for annual periods beginning on or after a date to be determined

The directors of the Company (the "**Directors**") anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs, which collectively includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for the investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-*based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of preparation of consolidated financial statements (Continued)

Going concern

The Group incurred a loss of approximately RMB1,415,503,000 for the year ended December 31, 2024, and as of that date, the Group has net current assets of approximately RMB1,053,722,000. As at December 31, 2024, the Group's bank and other borrowings with the aggregate carrying amount of approximately RMB7,620,237,000 was due on demand or within one year, while its cash and cash equivalents amounted to only approximately RMB70,451,000 and restricted bank deposits for construction of pre-sale properties and for mortgage loans granted to customers amounted to approximately RMB107,717,000, which can be used for payments for project costs when approval from related government authority is obtained. The current assets of the Group include properties under development for sale and properties held for sale of approximately RMB20,909,924,000 in aggregate of which approximately RMB16,458,756,000 in aggregate are not expected to be realised within 12 months from the end of the reporting period.

Due to the impact of market sentiment, as at December 31, 2024, the Group had not repaid senior notes and bank and other borrowings of approximately RMB3,942,744,000 and RMB5,396,323,000 respectively according to their scheduled repayment dates, and as a result, these borrowings might be demanded for early repayment. As at December 31, 2024, the Group's senior notes amounting to RMB1,266,195,000 is held by All together Land, the ultimate holding company.

In addition, based on the business model, the Group relied to a great extent on proceeds received from properties pre-sale to finance its development and construction of real estate projects.

These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at December 31, 2024 and subsequently thereto up to the date of authorization of these consolidated financial statements. In order to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the Directors have adopted several measures together with other measures in progress at the date of authorization of these consolidated financial statements, but not limited to, the followings:

(i) For borrowings which will be maturing before December 31, 2025, the Group is actively negotiating with the senior notes holders and banks for the extension of the repayment schedules. The Directors do not expect to experience significant difficulties in renewing most of these bank borrowings upon their maturities and there is no indication that these bank lenders will not renew the existing bank borrowings upon the Group's request. The Directors have evaluated the relevant facts available to them and are of the opinion that the Group would be able to renew such borrowings;

(ii) the Group would sell part of its investment properties in order to improve the Group's financial position, liquidity and cash flows;

(iii) the Group would implement of the plans and measures to the pre-sales and sales of properties under development for sale and properties held for sales and timely collection of the relevant sales proceeds; and

(iv) the Group applies cost control measures in cost of sales and services and administrative expenses.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of preparation of consolidated financial statements (Continued)

Going concern (Continued)

Taking into account the above consideration and measures and after assessing the Group's current and forecasted cash positions, the Directors are satisfied that the Group will be able to meet its financial obligations when they fall due. Accordingly, the Directors are of the opinion that it is appropriate to prepare these consolidated financial statements on a going concern basis.

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

Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Basis of consolidation (Continued)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Investments in associates and joint ventures (Continued)

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Interest in joint operations (Continued)

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation
- Its expenses, including its share of any expenses incurred jointly

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

Revenue from contracts with customers

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

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

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Revenue from contracts with customers (Continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

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

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using the most likely amount, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Refund liabilities

The Group recognises a refund liability if the Group expects to refund some or all of the consideration received from customers.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Revenue from contracts with customers (Continued)

Contract costs

Incremental costs of obtaining a contract

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

The Group recognizes such costs (e.g. sales commissions) as an asset if it expects to recover these costs. The asset so recognized is subsequently amortized to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortized to profit or loss within one year.

Leases

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term lease and leases of low-value assets are recognized as expense on a straight-line basis or another systematic basis over the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- An estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property and inventory are presented within “investment properties” and “properties under development for sale”/“properties held for sale” respectively.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable. After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Leases (Continued)

The Group as lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognized on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognized as income when they arise.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Material accounting policy information (Continued)

Leases (Continued)

The Group as lessor (Continued)

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 Revenue from Contracts with Customers to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

Borrowing costs

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

Exchange differences arising from foreign currency borrowings are included in borrowing costs to the extent that they are regarded as an adjustment to interest costs on those foreign currency borrowings.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Borrowing costs (Continued)

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefit

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, and annual leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payments transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the numberof equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When share options are exercised, the amount previously recognized in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payments reserve will be transferred to retained earnings.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before income tax because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Taxation (Continued)

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax is recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognized in other comprehensive income or directly in equity respectively. When current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Investment properties

Investment properties are properties held to earn rentals or/and for capital appreciation.

Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values, adjusted to excluded any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Investment properties (Continued)

Construction costs incurred for investment properties under construction are capitalized as part of the carrying amount of the investment properties under construction.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Property, plant and equipment

Property, plant and equipment, including buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognized in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained earnings.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Property, plant and equipment (Continued)

Depreciation is recognized so as to write off the cost of assets (other than properties under construction) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately and are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. Amortization begins when the intangible asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured at the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives and contract costs to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Before the Group recognizes an impairment loss for assets capitalized as contract costs under IFRS 15, the Group assesses and recognizes any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalized as contract costs is recognized to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognized as expenses. The assets capitalized as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and costs necessary to make the sale.

Properties under development for sale/Properties held for sale

Properties under development for sale which are intended to be sold upon completion of development and properties held for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties under development for sale and properties held for sale are carried at the lower of cost and net realizable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalized. Net realizable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales.

Properties under development for sale are transferred to properties held for sale upon completion.

Transfer from inventories to investment properties carried at fair value

The Group transfers a property from inventories to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognized in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal andinterest on the principal amount outstanding.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

All other financial assets of the Group are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Equity instruments designated as at fair value through other comprehensive income ("FVTOCI")

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including restricted bank deposits, trade receivables and contract assets arising from contracts with customers, lease receivables, other receivables, deposits, amounts due from related parties and bank balances), and other items (contract assets arising from joint operation and financial guarantee contracts) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

The Group always recognizes lifetime ECL for trade receivables, contract assets and lease receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii)the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. The Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortized cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognized at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognized less, where appropriate, cumulative amount of income recognized over the guarantee period.

Except for financial guarantee contracts, the Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, through a loss allowance account.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at amortized cost

Financial liabilities including trade and other payables, amounts due to related parties, rental deposits received, lease liabilities, bank and other borrowings and senior notes are subsequently measured at amortized cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognized less, where appropriate, cumulative amortization recognized over the guarantee period.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the contractual terms of a financial liability are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fee received, and discounted using the original effective interest rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-current assets held for sale

Non-current assets (and disposal groups) 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 (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) 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.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for investment properties measured using the fair value model which continue to be measured in accordance with the accounting policies as set out in respective section.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Revenue recognition from property sales at a point in time

Revenue is recognized over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The property unit does not have an alternative use to the Group, but significant judgement is required in determining whether the terms of the Group's contracts with customers in relation to property sales create an enforceable right to payment for the Group. The Group has considered the relevant contract terms and the legal environment. Based on the assessment, the Group concluded that it does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Accordingly, revenue from the property sales is recognized at a point in time.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model under IAS 40 *Investment Property* amounted to approximately RMB19,383,270,000 (2023: RMB20,577,166,000), as at December 31, 2024, the Directors concluded that certain of the Group's investment properties with the fair value of approximately RMB8,532,270,000 (2023: RMB10,148,000,000) are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred tax on investment properties, the Directors have determined the presumption that certain of the investment properties measured using the fair value model are recovered through sale is rebutted and the Group estimated the deferred tax on the basis of recovering through use.

For the remaining investment properties with the fair value of approximately RMB10,851,000,000 (2023: RMB10,429,166,000), the Group is subject to land appreciation tax ("LAT") and PRC enterprise income tax on the gain on disposal of properties and therefore deferred tax liabilities were recognized for the fair value gain of investment properties.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

Other than going concern assumption as aforementioned, the following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for trade receivables, contract assets and lease receivables

The Group uses provision matrix to calculate ECL for the trade receivables and contract assets arising from contracts with customers and lease receivables by groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical loss rates taking into consideration reasonable and supportable forward-looking information that is available without undue cost or effort. At every reporting date, the historical loss rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables, contract assets and lease receivables with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL on the Group's trade receivables, contract assets and lease receivables is disclosed in notes 29, 30, and 48 respectively.

Construction costs allocation

Certain projects of the Group are divided into several phases according to the development and delivery plans. Cost of sales including construction cost specific to the phases and common costs allocated to the phases are calculated based on the management's best estimation of the total development costs for the whole project and the allocation to each phase. When the actual common costs incurred are significantly more or less than expected, or changes in circumstances which result in revision of the management's estimates, the effect of such change is recognized prospectively in the profit or loss in the period of the change.

Estimated impairment of other non-current assets

Determining whether other non-current assets is impaired requires an estimation of the recoverable amounts of other non-current assets. The recoverable amount calculation requires the Group to estimate the future cash flows expected to arise from the other non-current assets and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at December 31, 2024, the carrying amount of the Group's other non-current assets is approximately RMB 1,434,388,000 (2023: RMB1,418,303,000).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Primary land construction and development contracts

The Group carried out primary land construction and development projects for the Beijing Municipal People's Government (the "BMPG"). The Group recognized contract revenue on the primary land construction and development projects by reference to the recoverable costs incurred plus the fixed margin in accordance with relevant rules and regulations issued by the BMPG and other relevant agreements. Construction and development costs mainly comprise resettlement compensation, sub-contracting charges and costs of construction materials and are estimated by the management by reference to quotations provided by contractors and vendors and the past experience of the management. Estimation of the contract revenue and recoverable costs is subject to final approval from the BMPG. The Directors estimate contract revenue and recoverable costs based on latest available budgets of each primary land construction and development projects and current market conditions to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. The final amounts will be approved by the BMPG and the differences from the estimation and approval will effect contract profit in the period in which the approval has been obtained.

Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by an independent qualified external valuer. The determination of the fair value involves certain assumptions of market conditions which are set out in note 17.

In relying on the valuation report, the Directors have exercised their judgement and are satisfied that the methods of valuation are reflective of the current market conditions. Whilst the Group considers valuations of the Group's investment properties are the best estimates, the real estate policy has resulted in greater market volatility depending on how the real estate policy may progress and evolve, which have led to higher degree of uncertainties in respect of the valuations in the current year. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

As at December 31, 2024, the carrying amount of the Group's investment properties is approximately RMB 19,383,270,000 (2023: RMB20,577,166,000).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Write-down of inventories for property development

Management performs a regular review on the carrying amounts of inventories for property development. Based on management's review, write-down of inventories for property development will be made when the estimated net realizable value has declined below the carrying amount.

In determining the net realizable value of properties held for sale, management refers to prevailing market data such as recent sales transactions and internally available information, as bases for evaluation. In respect of properties under development for sale, the estimate requires judgement as to the anticipated selling prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the estimated costs to completion of properties, the legal and regulatory framework and general market conditions.

As at December 31, 2024, the carrying amounts of the Group's properties under development for sale and properties held for sale are RMB 18,306,878,000 (2023: RMB19,680,877,000) and RMB 2,603,046,000 (2023: RMB2,501,280,000), respectively.

Deferred tax assets

Deferred tax assets of approximately RM581,670,000 (2023: RMB377,100,000) were recognized as at December 31, 2024, after offsetting certain deferred tax liabilities as set out in note 25. No deferred tax assets were recognized on the tax losses of approximately RMB136,944,000(2023: RMB135,599,000) due to the unpredictability of future profit streams. The recognition of the deferred tax assets mainly depends on whether sufficient taxable profits or taxable temporary differences will be available in the future. The Directors determined the deferred tax assets based on the enacted or substantially enacted tax rates and profit forecasts of the Group for coming years during which the deferred tax assets are expected to be utilized. The Directors reviewed the assumptions and profit forecasts at the end of each reporting period. In cases where the actual future profits generated are more or less than expected, or changes in facts and circumstances, an additional recognition or a reversal of deferred tax assets may arise, which would be recognized in the profit or loss for the period in which such a recognition or reversal takes place.

LAT

The Group is subject to LAT in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain property development projects of the Group have not yet finalized their LAT calculations and payments with local tax authorities in the PRC. Accordingly, significant estimation is required in determining the amount of LAT and its related enterprise income tax. The Group recognized the LAT based on the management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense in the period in which such tax is finalized with local tax authorities.

LAT payable of the Group amounted to approximately RMB1,631,023,000 (2023: RMB1,632,469,000) as at December 31, 2024.

5. REVENUE

(i) Disaggregation of revenue from contracts with customers and the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

	For the year ended December 31, 2024				
	Property development RMB'000	Primary land construction and development services RMB'000	Property investment RMB'000	Property management and related services RMB'000	Total RMB'000
Timing of revenue recognition					
A point in time	2,116,743	–	–	–	2,116,743
Over time		276,666	–	25,126	301,792
Revenue from contracts with customers	2,116,743	276,666	–	25,126	2,418,535
Rental income	–	–	286,797	–	286,797
Total revenue	2,116,743	276,666	286,797	25,126	2,705,332
Geographical market					
Mainland China	2,116,743	276,666	286,797	25,126	2,705,332

	For the year ended December 31, 2023				
	Property development RMB'000	Primary land construction and development services RMB'000	Property investment RMB'000	Property management and related services RMB'000	Total RMB'000
Timing of revenue recognition					
A point in time	2,040,432	–	–	–	2,040,432
Over time	–	93,988	–	38,528	132,516
Revenue from contracts with customers	2,040,432	93,988	–	38,528	2,172,949
Rental income	–	–	333,336	–	333,336
Total revenue	2,040,432	93,988	333,336	38,528	2,506,285
Geographical market					
Mainland China	2,040,432	93,988	333,336	38,528	2,506,285

5. REVENUE (Continued)

(ii) Performance obligations for contracts with customers

Properties sales arising from property development (revenue recognized at a point in time)
For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts have no alternative use. Taking into consideration of the relevant contract terms, the legal environment, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sales of properties is therefore recognized at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment.

The Group receives a deposit ranging from 10% to 20% of the contract price from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer a discount to certain customers, provided that the customers agree to make a full payment or pay the balance of the consideration earlier during the construction period. Such advance payment will be recognized as contract liabilities.

The Group considers the advance payment schemes contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the Group. As this accrual increases the amount of the contract liabilities during the construction period, a corresponding increases in revenue will be recognized when control of the completed property is transferred to the customer.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortized to profit or loss within one year.

Construction and development services from primary land construction and development services (revenue recognized over time)
The Group provides primary land construction and development services in order to access potentially available land reserves for property development. Such services are recognized as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognized for these construction and development services based on the stage of completion of the contract using input method.

A contract asset, net of contract liability related to the same contract, is recognized over the period in which the services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

Property management and related services (revenue recognized over time)
Revenue arising from property management and related services is generally recognized over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

6. SEGMENT INFORMATION

The Group is organized into business units based on their types of activities. These business units are the basis of information that is prepared and reported to the Group's chief operating decision makers (i.e. the executive Directors) for the purposes of resource allocation and assessment of performance. The Group's operating segments under IFRS 8 *Operating Segments* are identified as the following four business units:

Property development: This segment develops and sells commercial and residential properties.

Primary land construction and development services: This segment derives revenue from primary land development, including services for resettlement, construction of land infrastructure and ancillary public facilities on land owned by the local governments.

Property investment: This segment derives rental income from investment properties developed by the Group.

Property management and related services: This segment derives income from property management and related services.

Segment revenue and results

The following is the analysis of the Group's revenue and results by reportable and operating segment.

	Property development RMB'000	Primary land construction and development services RMB'000	Property investment RMB'000	Property management and related services RMB'000	Total RMB'000
Year ended December 31, 2024					
Revenue from external customers and segment revenue	**2,116,743**	**276,666**	**286,797**	**25,126**	**2,705,332**
Segment (loss)/profit	**135,782**	**13,174**	**152,091**	**(49,237)**	**251,810**
Year ended December 31, 2023					
Revenue from external customers and segment revenue	2,040,432	93,988	333,336	38,528	2,506,285
Segment profit/(loss)	(637,751)	4,476	210,047	(31,423)	(454,651)

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

The segment (loss)/profit can be reconciled to the (loss)/profit before income tax as follows:

	2024 RMB'000	2023 RMB'000
Segment (loss)/profit	**251,810**	(454,651)
Other gains and losses, net	**(31,436)**	127,356
Other income	**116,935**	139,786
Change in fair value of investment properties	**(498,940)**	263,500
Unallocated administrative expenses	**(33,240)**	(61,603)
Other expenses	**(109,807)**	(35,674)
Share of (loss) of joint ventures	**(4,538)**	(67,438)
Share of (loss)/profit of associates	**(65,391)**	(5,123)
Finance costs	**(1,061,701)**	(561,613)
Consolidated (loss) before income tax	**(1,436,308)**	(655,460)

The accounting policies applied in determining segment revenue and segment (loss)/profit of the operating segments are the same as the Group's accounting policies described in note 3. Segment (loss)/profit represents the (loss incurred)/profit earned by each segment without allocation of other gains and losses, net, other income, change in fair value of investment properties, other expenses, share of (loss)/profit of joint ventures, share of profit of associates, finance costs and unallocated administrative expenses, including auditor's remuneration and Directors' emoluments. This is the measure reported to the Group's chief operating decision makers for the purpose of resources allocation and performance assessment.

6. SEGMENT INFORMATION (Continued)

Other segment information

Amounts included in the measurement of segment (loss)/profit:

	Property development RMB'000	Primary land construction and development services RMB'000	Property investment RMB'000	Property management and related services RMB'000	Unallocated amount RMB'000	Total RMB'000
Year ended December 31, 2024						
Depreciation and amortization of non-current assets	63,863	–	8,913	679	7,965	81,420
Impairment losses under ECL model, net of reversal	59,642	–	–	–	–	59,642
Year ended December 31, 2023						
Depreciation and amortization of non-current assets	68,806	–	5,120	1,003	9,472	84,401
Impairment losses under ECL model, net of reversal	58,509	–	755	–	–	59,264

No segment assets and liabilities are presented as they were not regularly provided to the chief operating decision makers for the purpose of resources allocation and performance assessment.

Geographical information

All the revenue and operating results of the Group is derived from the PRC based on location of the operations. All the Group's non-current assets (excluding financial instruments and deferred tax assets) are located in the PRC based on geographical location of the assets or the associates' and joint ventures' operation, as appropriate.

Revenue from major customers

No revenue from a single external customer amounted to 10% or more of the Group's revenue during the years ended December 31, 2024 and 2023.

7. OTHER GAINS AND LOSSES, NET

	2024 RMB'000	2023 RMB'000
Net foreign exchange (loss) on operating activities	**(13,721)**	(18,762)
Gains on disposal of property, plant and equipment	**(8,775)**	214
Gains on disposal of subsidiaries *(note 42)*	**(8,940)**	145,904
	(31,436)	127,356

8. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Interest income from amounts due from related parties	**64,881**	72,436
Interest income from bank deposits	**703**	1,122
Total interest income	**65,584**	73,558
Compensation received	**695**	572
Royalty fee income	**48,906**	60,782
Others	**1,750**	4,874
	116,935	139,786

9. OTHER EXPENSES

	2024 RMB'000	2023 RMB'000
Donations	**55**	268
Surcharge for overdue tax payment and fines *(note)*	**91,257**	25,969
Others	**18,495**	9,437
	109,807	35,674

During the year, the amount mainly represents fines and penalties as a result of court orders of approximately RMB88,523,000 (2023: RMB19,535,000) and the surcharge of RMB2,734,000 (2023: RMB6,434,000) upon the receipt of final surcharge notice issued by the PRC tax authority in respect of the late payment of enterprise income tax, LAT and value-added taxes during the year. In the opinion of the Directors, all the fines, penalties and surcharge was settled during the year and the Group had no other contingent liabilities required to be recognized or disclosed in the consolidated financial statements as at December 31, 2024 in respect of these surcharge (2023: Nil).

10. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank borrowings	**735,329**	781,852
Interest on loans from financial institutions	**350,895**	327,990
Interest on contract liabilities	**65,699**	150,134
Interest on senior notes	**415,104**	406,463
Interest on lease liabilities	**101**	190
Interset on financing advisory	**15,468**	53,397
Loss on modification of senior notes (note 39)	**58,028**	58,948
Total borrowing costs	**1,574,924**	1,778,974
Less: Amounts capitalized in the cost of qualifying assets	**(578,923)**	(1,217,361)
	1,061,701	561,613

Borrowing costs capitalized during the year arose from general borrowings pool calculated by applying a capitalization rate of 8.70% (2023: 8.67%) per annum on expenditure on the qualifying assets.

11. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2024 RMB'000	2023 RMB'000
Impairment losses on:		
– Trade receivables	**28,445**	5,634
– Contract assets	**3,071**	(1,215)
– Lease receivables	**–**	755
– Other receivables and deposits	**28,579**	53,275
– Amounts due from related parties	**(453)**	815
	59,642	59,264

Details of impairment assessment are set out in note 48.

12. (LOSS)/PROFIT FOR THE YEAR

(Loss)/profit for the year has been arrived at after charging/(crediting):

	2024 RMB'000	2023 RMB'000
Directors' emoluments *(note 13)*	**6,978**	6,316
Other staff costs:		
– Salaries and other benefits	**126,614**	142,319
– Retirement benefit contributions	**15,482**	15,170
Total staff costs	**149,074**	163,805
Less: Amounts capitalized to properties under development for sale and investment properties under construction *(note)*	**(41,200)**	(45,381)
	107,874	118,424
Cost of properties sold recognized as expense	**1,812,779**	2,428,023
Impairment of properties under development for sale and properties held for sale (included in cost of sales and services)	**23,687**	15,925
Auditor's remuneration	**2,000**	2,000
Depreciation of property, plant and equipment	**73,926**	76,575
Depreciation of right-of-use assets	**6,941**	6,918
Amortization of other non-current assets (included in administrative expenses)	**553**	908
Amortization of contract costs	**8,231**	10,880
Expense relating to short-term leases	**4,801**	19,225
Gross rental income from investment properties	**(286,797)**	(333,336)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**134,706**	123,289
	(152,091)	(210,047)

Note: The amount capitalized mainly represents costs of certain staff of the project management department and the design department, who were assigned to construction sites and engaged in specific construction projects directly.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

	Fees RMB'000	and other benefits RMB'000	benefit contributions RMB'000	Total RMB'000
For the year ended December 31, 2024				
Executive Directors				
Mr. Zhang Zhangsun *(note(a))*	–	1,200	–	1,200
Ms. Ruan Wenjuan	–	2,205	66	2,271
Ms. Dong Xueer *(note(b))*	–	–	–	–
Mr. Hao Zhenhe *(note(b))*	–	–	–	–
Mr. Sun Xiaodong *(note(b))*	–	–	–	–
Mr. Yang Huabin (note(c))	–	323	–	323
Mr. Feng Yang (note(c))	–	1,526	40	1,566
Mr. Zhao Yuhong (note(c))	–	965	66	1,031
Independent non-executive Directors				
Mr. Liu Chengjiang *(note(d))*	–	–	–	–
Ms. Chen Jinrong *(note(e))*	–	280	–	280
Mr. Deng Zhidong *(note(e))*	–	280	–	280
Mr. Yuan Hao *(note(e))*	–	27	–	27
	–	6,806	172	6,978
For the year ended December 31, 2023				
Executive Directors				
Mr. Zhang Zhangsun	–	3,000	–	3,000
Ms. Ruan Wenjuan	–	2,202	63	2,265
Ms. Dong Xueer	–	–	–	–
Mr. Hao Zhenhe	–	240	–	240
Mr. Sun Xiaodong	–	780	31	811
Independent non-executive Directors				
Mr. Liu Chengjiang	–	220		220
	–	6,442	94	6,536

Notes:

(a) Mr. Zhang Zhangsun is the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

(b) Ms. Dong Xueer, Mr. Hao Zhenhe and Mr. Sun Xiaodong resigned as executive Directors with effect from January 29th 2024.

(c) Mr. Yang Huabin, Mr. Feng Yang and Mr. Zhao Yuhong were appointed as executive Directors with effect from January 29th 2024.

(d) Mr. Liu Chengjiang resigned as an independent non-executive Director with effect from January 29th 2024.

(e) Ms. Chen Jinrong and Mr. Deng Zhidong were appointed as independent non-executive Directors with effect from January 29th 2024. Mr. Yuan Hao was appointed as an independent non-executive Director with effect from November 29th 2024.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

The executive Directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive Directors' emoluments shown above were mainly for their services as Directors.

No Directors waived any emoluments in both years presented.

The five highest paid employees of the Group during the year included four Directors (2023: two Directors), details of whose remunerations in connection with the Directors' services are set out above. The remaining three highest paid employees during the year ended December 31, 2023, whose remunerations received or receivables not in relation with the Directors are summarised as follows. Details of the remunerations for the year ended December 31, 2024 of the remaining one highest paid employees who are neither a Director nor chief executive of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other benefits	**1,023**	4,833
Retirement benefit contributions	**6**	92
	1,029	4,924

The number of the five highest paid employees, whose remunerations received or receivables not in relation with the Directors or who are not Directors, whose remunerations fell within the following band is as follows:

	2024 Number of employees	2023 Number of employees
Hong Kong dollars ("**HK$**")		
HK$1,000,001 to HK$2,000,000	1	2
HK$2,000,001 to HK$2,500,000	–	1

14. INCOME TAX (CREDIT)/EXPENSE

	2024 RMB'000	2023 RMB'000
Current tax		
– The PRC enterprise income tax	**61,148**	27,545
– LAT	**168,987**	81,201
	230,135	108,746
Deferred tax *(note 25)*	**(250,940)**	(170,703)
Income tax (credit)	**(20,805)**	(61,957)

Pursuant to the PRC Enterprise Income Tax Law promulgated on March 16, 2007, the PRC enterprise income tax for both domestic and foreign-invested enterprises has been unified at the income tax rate of 25% effective from January 1, 2008 onwards. The PRC enterprise income tax has been calculated on the estimated assessable profit derived from the PRC at the rate of 25% for both years.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

In accordance with the PRC tax circular (Guoshuihan [2008] 112) effective from January 1, 2008, the PRC withholding income tax at the rate of 10% is applicable to dividends to "non-resident" investors who do not have an establishment or business in the PRC. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the undistributed profits earned by the PRC subsidiaries since January 1, 2008 amounting to approximately RMB5,701,554,000 (2023: RMB6,369,119,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

14. INCOME TAX (CREDIT) (Continued)

No provision for Hong Kong Profits Tax has been made as the income of the companies comprising the Group neither arises in, nor is derived from Hong Kong during both years.

The income tax (credit)/expense for the year can be reconciled from (loss)/profit before income tax per consolidated statement of profit or loss and other comprehensive income as follows:

	2024 RMB'000	2023 RMB'000
(Loss)/profit before income tax	**(1,436,307)**	(655,460)
Tax at PRC enterprise income tax rate of 25%	**(359,077)**	(163,865)
LAT	**168,986**	81,201
Tax effect of LAT deductible for enterprise income tax	**(42,247)**	(20,299)
Tax effect of expenses not deductible for tax purpose	**23,378**	2,443
Tax effect of share of profit of associates	**16,348**	1,281
Tax effect of share of loss/(profit) of joint ventures	**1,134**	16,859
Reversal of tax losses previously recognized	**-**	66
Tax effect of tax losses not recognized	**159,669**	43,373
Utilization of tax loss previously not recognized	**11,004**	(23,016)
Income tax (credit) for the year	**(20,805)**	(61,957)

15. (LOSS) PER SHARE

The calculation of the basic and diluted (loss) per share attributable to the owners of the Company isbased on the following data.

	2024 RMB'000	2023 RMB'000
(Loss)		
(Loss) for the year attributable to the owners of the Companyfor the purposes of basic and diluted (loss) per share	**(1,240,429)**	(563,971)

	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**4,444,418**	4,444,418

The computation of diluted (loss)/earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the year ended December 31, 2024. There were no dilutive potential ordinary shares in existence during the year ended December 31, 2024. Therefore, the amount of diluted (loss)/earnings per share is the same as the amount of basic (loss)/earnings per share for the years ended December 31, 2024 and 2023.

16. DIVIDENDS

No dividend was proposed by the board of directors in respect of the years ended December 31, 2024 and 2023.

17. INVESTMENT PROPERTIES

The Group leased out various offices, shopping mall and retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 20 years, with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the functional currency of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	Investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
Fair value			
At January 1, 2023	16,651,500	3,870,000	20,521,500
Additions	–	–	–
Net increase in fair value recognized in profit or loss	340,500	(77,000)	263,500
Transfer to PPE	(207,834)	–	(207,834)
At December 31, 2023 and January 1, 2024	**16,784,166**	**3,793,000**	**20,577,166**
Additions			
Net (decrease)/increase in fair value recognized in profit or loss	**(481,940)**	**(17,000)**	**(498,940)**
Disposal	**(902,790)**	**–**	**(902,790)**
Transfer from PPE	**207,834**	**–**	**207,834**
At December 31, 2024	**15,607,270**	**3,776,000**	**19,383,270**

The investment properties are all situated in the PRC. The fair value of the Group's investment properties as at December 31, 2024 has been arrived at on the basis of valuations carried out on those dates by Colliers Appraisal & Advisory Services Co., Ltd. (2023: Colliers Appraisal & Advisory Services Co., Ltd.), a firm of independent qualified external valuer not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuations of investment properties are arrived at with adoption of direct comparison approach assuming sale of each of these properties in its existing state by making reference to comparable sales transactions as available in the relevant market and also consider income approach by undertaking an estimation of future cash flows and taking into account the time value of money. The income is projected over the investment cycle and the net income is calculated after the deduction of capital, operating, and other necessary expenses.

17. INVESTMENT PROPERTIES (Continued)

Fair values of the investment properties under construction are generally derived using the residual method. This valuation method is essentially a means of valuing the land and building by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed in accordance with the existing development plans as at the date of valuation, which duly reflected the risks associated with the development.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The fair value of the Group's investment properties at December 31, 2024 and 2023 are grouped into Level 3 of fair value measurement. There were no transfers into or out of Level 3 in both years.

In estimating the fair value of the investment properties, the Group uses market observable data to the extent it is available. The management works closely with the independent qualified external valuer to establish the appropriate valuation techniques and inputs to the model.

The Group had pledged investment properties of approximately RMB14,752,104,000 (2023: RMB17,532,304,000) at December 31, 2024 to secure bank and other borrowings granted to the Group as set out in note 43.

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18. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Construction in progress RMB'000	Leasehold improvement RMB'000	Motor vehicles RMB'000	Electronic equipment and furniture RMB'000	Total RMB'000
Cost						
At January 1, 2023	1,478,251	1,061,638	137,114	59,190	30,192	2,766,385
Additions	207,834	458,476	1,930	125	603	668,969
Transfer due to completion	215	–	–	–	–	215
Disposal of a subsidiary *(note 42)*	–	–	–	(95)	–	(95)
Disposals	–	–	–	(595)	(47)	(642)
Reclassified as held for sale *(note 24)*	–	–	–	–	–	–
At December 31, 2023 and January 1, 2024	**1,686,300**	**1,520,114**	**139,045**	**58,624**	**30,748**	**3,434,831**
Additions	**–**	**85,192**	**1,329**	**–**	**321**	**86,842**
Transfer due to completion	**(5)**	**–**	**–**	**–**	**–**	**(5)**
Disposals	**(378,205)**	**–**	**–**	**(878)**	**(257)**	**(379,341)**
Disposal of subsidiaries *(note 42)*	**–**	**–**	**(223)**	**–**	**–**	**(223)**
Transfer to investment Property	**(207,834)**	**–**	**–**	**–**	**–**	**(207,834)**
At December 31, 2024	**1,100,256**	**1,605,306**	**140,151**	**57,746**	**30,812**	**2,934,270**
Accumulated depreciation						
At January 1, 2023	259,684	–	87,490	57,284	26,376	430,834
Provided for the year	68,813	–	5,971	738	1,053	76,575
Disposal of a subsidiary *(note 42)*	–	–	–	(89)	–	(89)
Disposals	–	–	–	(531)	(44)	(576)
Reclassified as held for sale *(note 24)*	–	–	–	–	–	–
At December 31, 2023 and January 1, 2024	**328,497**	**–**	**93,461**	**57,401**	**27,385**	**506,744**
Provided for the year	**69,226**	**–**	**3,578**	**467**	**654**	**73,926**
Disposals	**–**	**–**	**–**	**(835)**	**(210)**	**(1,044)**
Disposal of subsidiaries *(note 42)*	**–**	**–**	**–**	**–**	**–**	**–**
Transfer to investment Property	**(25,731)**	**–**	**–**	**–**	**–**	**(25,731)**
At December 31, 2024	**371,993**	**–**	**97,039**	**57,034**	**27,830**	**553,895**
Net carrying amounts						
At December 31, 2024	**728,263**	**1,605,306**	**43,112**	**712**	**2,982**	**2,380,375**
At December 31, 2023	1,357,803	1,520,114	45,584	1,223	3,363	2,928,087

As at December 31, 2024, buildings with net carrying amount of approximately RMB897,659,000 (2023: RMB929,150,000) were pledged to secure bank and other borrowings granted to the Group as set out in note 43.

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, other than construction in progress, are depreciated using the straight-line method after taking into account of their estimated residual values over the following estimated useful lives:

Buildings	20 years
Leasehold improvement	Over the shorter of the term of the lease or 5 years
Motor vehicles	5 years
Electronic equipment and furniture	5 years

19. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased properties RMB'000	Total RMB'000
Net carrying amount			
At January 1, 2023	255,903	2,649	258,552
Additions	–	–	–
Depreciation charge	(5,882)	(1,036)	(6,918)
Exchange realignment	–	45	45
At December 31, 2023 and January 1, 2024	**250,021**	**1,658**	**251,679**
Additions	**–**	**–**	**–**
Depreciation charge	**(5,882)**	**(1,059)**	**(6,941)**
Exchange realignment	**–**	**25**	**25**
At December 31, 2024	**244,139**	**624**	**244,763**
Year ended December 31, 2024			
Expense relating to short-term leases	**–**	**–**	**4,801**
Total cash outflow for leases	**–**	**–**	**6,000**
Year ended December 31, 2023			
Expense relating to short-term leases	–	–	19,225
Total cash outflow for leases	–	–	20,399

In addition to the portfolio of short-term leases for office and staff quarter which are regularly entered into by the Group, the Group entered into several short-term leases for office during the years ended December 31, 2024 and 2023. As at December 31, 2024, the outstanding lease commitments relating to these office is approximately RMB1,008,000 (2023: RMB1,393,000).

20. OTHER NON-CURRENT ASSETS

Other non-current assets of the Group comprise software licenses and payments for an urban redevelopment project.

The software licenses have finite useful lives and are amortized on a straight-line basis over the useful lives from 2 to 10 years. As at December 31, 2024, the carrying amount of software licenses is approximately RMB8,189,000 (2023: RMB8,876,000), which are made up of cost of approximately RMB25,537,000 (2023: RMB25,671,000) and accumulated amortization of approximately RMB17,348,000 (2023: RMB16,795,000)..

The remaining balance of other non-current assets relates to the payments and costs for an urban redevelopment project acquired by the Group during the year ended December 31, 2016 through the acquisition of a subsidiary, Shenzhen Dachaoshan Real Estate Development Ltd.* (深圳市大潮汕建設有限公司) ("**Shenzhen Dachaoshan**"), which entered into an agreement with an entity established by the local authority for an urban redevelopment project in Shenzhen. As at the acquisition date, Shenzhen Dachaoshan has made payments to acquire certain non-agricultural ratio and has the exclusive right to seek government approval for the commencement of the urban redevelopment project after achieving the minimal threshold of the non-agricultural ratio stipulated in the agreement. The urban redevelopment project includes several units and is intended to be developed in different phases. The Directors are confident that Shenzhen Dachaoshan will be able to meet the non-agricultural ratio requirement for the rest of the units in the region and approvals from the relevant authorities will ultimately be obtained in the future. The recovery of the carrying amount will be through the returns to be generated from this urban redevelopment project of which the redevelopment right will be granted exclusively to Shenzhen Dachaoshan upon approval. As at December 31, 2024, the carrying amount of this non-current asset is approximately RMB 1,426,198,860 (2023: RMB1,409,427,044).

* The English name of the company which was established in the PRC is for reference only and has not been registered.

21. INTERESTS IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000
Cost of investments in joint ventures	**58,865**	61,000
Share of post-acquisition profit	**2,079**	21,963
	60,944	82,963

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

Name of entities	Place of establishment and operation	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
		2024	2023	2024	2023	
Beijing Maorui Properties Co., Ltd.* (北京茂瑞置業有限公司) ("**Maorui Zhiye**")	The PRC	**16%**	20%	**16%**	20%	Property development
Beijing Ruimao Zhiye Co., Ltd.* (北京瑞茂房地產開發有限公司) ("**Ruimao Real Estate**")	The PRC	**51%**	51%	**51%**	51%	Property development

Note: The Group holds 16% (2023: 20%) of the registered capital of Maorui Zhiye and 51% (2023: 51%) of the registered capital of Ruimao Real Estate. The relevant activities of both investees require the unanimous consent of all parties sharing control. Accordingly, both entities are classified as joint ventures of the Group.

Aggregate information of joint ventures that are not individually material

	2024 RMB'000	2023 RMB'000
The Group's share of (loss)/profit and total comprehensive (loss)/income	**(4,538)**	(67,438)
Aggregate carrying amount of the Group's interests in these joint ventures	**60,944**	82,963

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

22. INTERESTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Cost of investments in associates	7,000	7,000
Share of post-acquisition profit	(7,000)	58,391
	-	65,391

Details of the Group's associates at the end of the reporting periods are as follows:

Name of entities	Place of establishment and operation	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
		2024	2023	2024	2023	
Wuxi Glory Real Estate Development Co., Ltd.* (無錫國瑞房地產開發有限公司) ("**Wuxi Glory**")	The PRC	49%	49%	49%	49%	Property development
Beijing Ruida Properties Co., Ltd.* (北京銳達置業有限公司) ("**Ruida Zhiye**")	The PRC	35%	35%	35%	35%	Property development

Aggregate information of associates that are not individually material

	2024 RMB'000	2023 RMB'000
The Group's share of profit and total comprehensive income	(65,391)	(5,123)
Aggregate carrying amount of the Group's interests in these associates	-	65,391

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

23. EQUITY INSTRUMENTS AT FVTOCI

	2024 RMB'000	2023 RMB'000
Unlisted investments:		
– Equity securities *(note)*	**13,481**	13,481

Note:

The above unlisted equity securities represent the Group's equity interest in private entities: (1) 0.15% (2023: 0.15%) equity interest in Bohai Life Insurance Co., Ltd.* (渤海人壽保險股份有限公司) ("Bohai Life"), a private entity established in the PRC, which is principally engaged in insurance business, with a carrying amount of approximately RMB8,481,000 (2023: RMB8,481,000); and (2) 10% (2023:10%) equity interest in Yongqing Jiyin Rural Bank Co., Ltd.* (永清吉銀村鎮銀行股份有限公司) ("Yongqing Jiyin Rural Bank"), a private entity established in the PRC, which is principally engaged in banking operation, with a carrying amount of approximately RMB5,000,000 (2023: RMB5,000,000). The equity investments were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature.

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

24. ASSETS CLASSIFIED AS HELD FOR SALE

On July 21, 2021 and January 30, 2022, the Group had through its indirectly non-wholly-owned subsidiary of the Company, Hainan Guorui Real Estate Development Co., Ltd.* (海南國瑞房地產開發有限公司) ("Hainan Guorui") entered into an equity transfer agreement and a supplement agreement ("Hainan Junhe Equity Transfer Agreements") with an independent third party, Haofu Kangju Pension Industry Development Co., Ltd.* (好福康居養老產業發展有限公司) ("Haofu Kangju") in relation to the disposal of the entire equity interest in Hainan Junhe Industrial Co., Ltd.* (海南駿和實業有限公司) ("Hainan Junhe"), a wholly-owned subsidiary of the Group, with a total cash consideration of RMB1,989,000,000. Part of the consideration of RMB866,897,000 will be used to settle the liabilities of Hainan Junhe before the disposal. The consideration will be settled after the obligation of both parties were fulfilled, the obligation was clearly stated in the Hainan Junhe Equity Transfer Agreements, including but not limited to (i) the land of Hainan Junhe of RMB108,769,000 included in properties under development for sale as below, that pledged to secure bank borrowings of another subsidiary of the Company should be released; (ii) the liabilities of Hainan Junhe of RMB866,897,000 should be settled; and (iii) the rental agreement with the lease term of 20 years between Hainan Junhe and its tenants should be terminated. Due to the unstable environment under the COVID-19 pandemic in the PRC, as at December 31, 2021, these conditions have not been fulfilled and, the Directors are in the opinion that these conditions can be fulfilled and the disposal of the entire equity interest in Hainan Junhe can be completed on or before December 31, 2022.

24. ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

The major classes of assets and liabilities of Hainan Junhe classified as held for sale as at December 31, 2021 are, as follows:

	RMB'000
Assets	
Property, plant and equipment *(note 18)*	249
Deferred tax assets *(note 25)*	12,447
Value added tax and tax recoverable	9,207
Properties under development for sale	957,218
Trade and other receivables, deposits and prepayments	3,772
Bank balances and cash	355
Assets classified as held for sale	983,248
Liabilities	
Trade and other payables	(970,036)
Tax payable	(2,572)
Liabilities associated with assets classified as held for sale	(972,608)
Net assets directly associated with Hainan Junhe	10,640

During the year ended December 31, 2022, due to uncertainties caused by the changing containment policy against COVID-19 and the decline in overall property market, Haofu Kangju failed to raise the required funding and exercise the terms of Hainan Junhe Equity Transfer Agreements. As such, the Group informed Haofu Kangju to terminate the Hainan Junhe Equity Transfer Agreements and ceased to reclassify Hainan Junhe as held for sale during the year ended December 31, 2022.

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

25. DEFERRED TAXATION

The following are the major deferred tax assets/(liabilities) recognized and movements thereon during the current and prior years:

	Tax losses RMB'000	Temporary differences on sale deposits received RMB'000	LAT RMB'000	Fair value gain on investment properties RMB'000	Inventory impairment RMB'000	Others RMB'000 *(note)*	Total RMB'000
At January 1, 2023	670,695	170,984	309,478	(3,355,966)	110,167	44,104	(2,050,538)
Credited/(charged) to profit or loss	415,803	(23,204)	(63,307)	(147,321)	(1,129)	24,862	205,704
Release upon disposal of investment properties credited to profit or loss	–	–	–	–	–	–	–
Disposal of a subsidiary *(note 42)*	(789)	(2,598)	(426)	–	(3,025)	–	(6,838)
At December 31, 2023 and January 1, 2024	**1,085,709**	**145,182**	**245,745**	**(3,503,287)**	**106,013**	**68,966**	**(1,851,672)**
Credited/(charged) to profit or loss	**384,270**	**(45,644)**	**(4,633)**	**(74,444)**	**49,126**	**(57,735)**	**250,940**
Disposal of subsidiaries *(note 42)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At December 31, 2024	**1,469,979**	**99,538**	**241,112**	**(3,577,731)**	**155,139**	**11,231**	**(1,600,732)**

Note: The "others" mainly relates to temporary differences on sales commission, exceeding advertising fee and exceeding donation.

25. DEFERRED TAXATION (Continued)

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

	2024 RMB'000	2023 RMB'000
Deferred tax assets	**581,670**	377,100
Deferred tax liabilities	**(2,182,402)**	(2,228,772)
	(1,600,732)	(1,851,672)

No deferred tax asset has been recognized in respect of the following unutilized tax losses due to the unpredictability of future profit streams, estimated at the end of the reporting period. The unrecognized tax losses will be expired in the following years:

	2024 RMB'000	2023 RMB'000
To be expired on:		
December 31, 2024	**32,259**	32,259
December 31, 2025	**31,618**	31,618
December 31, 2026	**31,564**	31,564
December 31, 2027	**29,365**	29,365
December 31, 2028	**10,793**	10,793
December 31, 2029	**1,345**	–
Total unused tax losses not recognized as deferred tax assets	**136,944**	135,599

26. DEPOSITS PAID FOR ACQUISITION OF LAND

As at December 31, 2024, the Group has deposits paid for public tenders, auctions or listing-for-bidding of land use rights in the PRC amounted to RMB 107,534,000 (2023: RMB107,534,000) for the purpose of development for sale. The related land development projects were pending for the approval of the local government.

27. PROPERTIES UNDER DEVELOPMENT FOR SALE AND PROPERTIES HELD FOR SALE

	2024 RMB'000	2023 RMB'000
Properties under development for sale	**18,306,878**	19,796,095
Properties held for sale	**3,067,400**	2,842,655
	21,374,278	22,638,750
Less: Impairment	**(464,354)**	(456,593)
	20,909,924	22,182,157

The properties under development for sale are located in the PRC.

As at December 31, 2024, certain of the Group's properties under development for sale with a carrying amount of approximately RMB 9,496,592,000 (2023: RMB10,635,994,000) was pledged to secure bank and other borrowings granted to the Group as set out in note 43.

The carrying amount of leasehold lands is measured under IFRS 16 at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge is made on the leasehold lands taking into account the estimated residual values as at December 31, 2024 and 2023.

In the opinion of the Directors, properties under development for sale with carrying amount of approximately RMB15,383,914,000 (2023: RMB4,627,308,000) as at December 31, 2023 are expected to be completed and realized after twelve months from the end of the reporting period.

As at December 31, 2024, the Group was in the process of obtaining the certificates of land use rights for properties under development for sale of approximately RMB411,700,000 (2023: RMB411,700,000) from the relevant authorities.

The Group's properties held for sale are stated at the lower of cost and net realizable value and situated in the PRC. In the opinion of the Directors, properties held for sale of approximately RMB 1,074,842,000 (2023: RMB393,312,000) as at December 31, 2023 are expected to be sold after twelve months from the end of the reporting period.

As at December 31, 2024, properties held for sale of approximately RMB 406,741,000 (2023: RMB590,927,000) were pledged to secure bank and other borrowings granted to the Group as set out in note 43.

28. JOINT OPERATION

On September 1, 2009, Glory Xingye (Beijing) Real Estate Co., Ltd.* (北京國瑞興業地產股份有限公司) ("Original Beijing Glory") entered into an agreement with an independent third party (the "Project Partner") in respect of a joint development project of Qinian Street Rebuild Primary Land Development Project in the PRC (the "Qinian Street Project").

Pursuant to the agreement, Original Beijing Glory and the Project Partner set up an operation committee to exercise joint control and manage the project together. The two parties contribute the funding, share revenue and bear costs equally.

The amount included in the consolidated financial statements arising from the joint operation is as follows:

	2024 RMB'000	2023 RMB'000
Analysis of profit or loss		
Revenue	**276,666**	93,988
Cost of sales and services	**(263,492)**	(89,512)
Profit before income tax	**13,174**	4,476

The details of the assets arising from the joint operation are set out in note 30.

* The English name of the company which was established in the PRC is for reference only and has not been registered.

29. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Pursuant to the lease agreements, lease payment is generally required to be settled in advance with no credit period being granted to the tenants. In respect of sales of properties, a credit period of six months to two years may be granted to specific customers on a case-by-case basis.

	2024 RMB'000	2023 RMB'000
Trade receivables, gross		
– contracts with customers *(note (i))*	**318,609**	223,140
– lease receivables	**161,040**	158,894
	479,649	382,034
Less: Allowance for credit losses	**(184,429)**	(155,984)
Trade receivables, net	**295,220**	226,050
Other receivables, deposits and prepayments, gross		
Advances to contractors and suppliers *(note (ii))*	**935,205**	447,781
Performance guarantee deposit paid	**14,940**	14,940
Other receivables and prepayments *(note (iii))*	**4,701,985**	1,388,712
Deposits	**87,647**	77,518
	5,739,777	1,928,951
Less: Allowance for credit losses	**(149,575)**	(120,996)
Other receivables, deposits and prepayments, net	**5,590,202**	1,807,955
Total trade and other receivables, deposits and prepayments, net	**5,885,422**	2,034,005

Notes:

(i) As at December 31, 2024 and 2023, trade receivables from contract with customers mainly comprise trade receivables from property development.

(ii) Advances to contractors and suppliers mainly included prepayment to contractors and suppliers for the construction of properties under development for sale. All of the advances to contractors and suppliers are expected to be utilized within the normal operating cycle of the Group.

(iii) Other receivables mainly included payment on behalf of and receivables from independent third-parties which are mainly the project partners. All other receivables from independent third-parties are of non-trade nature, unsecured, interest-free and repayable on demand as at December 31, 2024 and 2023. All of the other receivables are expected to be recovered within one year.

29. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The following is an aging analysis of trade receivables presented, net of allowance for credit losses, based on the date of recognition of revenue at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
0 to 60 days	**114,811**	45,988
61 to 180 days	**20,095**	13,735
181 to 365 days	**12,109**	20,891
1 to 2 years	**31,840**	19,603
Over 2 years	**300,794**	281,817
Less: Allowance for credit losses	**(184,429)**	(155,984)
	295,220	226,050

As at December 31, 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB213,180,000 (2023: RMB166,356,000) which are past due as at the reporting date. The balances which has been past due over 90 days is not considered as default since the Directors considered such balances could be recovered based on repayment history, the financial conditions and the current credit worthiness of each customer.

Details of impairment assessment of trade and other receivables and deposits are set out in note 48.

30. CONTRACT ASSETS

	2024 RMB'000	2023 RMB'000
Construction and development services	**2,320,083**	2,011,874
Less: Allowance for credit losses	**(27,314)**	(24,243)
	2,292,769	1,987,632

The contract assets primarily related to the Group's right to consideration for work completed and not billed because the rights are conditional upon the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

All contract assets are expected to be settled within the Group's normal operating cycle, and are classified as current.

Details of payment terms of construction and development services and property sales contracts are set out in note 5.

Details of impairment assessment of contract assets are set out in note 48.

31. CONTRACT COSTS

	2024 RMB'000	2023 RMB'000
Incremental costs to obtain contracts	**33,700**	40,324

Note: Contract costs capitalized as at December 31, 2024 and 2023 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the end of the reporting period. Contract costs are recognized as part of cost of sales in the period in which revenue from the related property sales is recognized. The amount of capitalized costs recognized in profit or loss during the year was approximately RMB8,231,000 (2023: RMB10,880,000). There was no impairment in relation to the capitalized contract costs (2023: Nil).

The Group applies the practical expedient and recognizes the incremental costs of obtaining contracts relating to the sale of properties and services as an expense when incurred if the amortization period of the assets that the Group otherwise would have recognized is one year or less.

32. RESTRICTED BANK DEPOSITS

	2024 RMB'000	2023 RMB'000
Deposits pledged for banking facilities *(note (a))*	**200**	200
Restricted bank deposits for construction of pre-sale properties *(note (b))*	**74,275**	28,256
Restricted bank deposits in relation to litigation proceedings *(note (c))*	**23,506**	65,987
Deposits pledged for mortgage loans granted to customers *(note 43)*	**33,442**	150,735
	131,423	245,178
Analysed for reporting purposes as:		
Non-current *(note (d))*	**116,524**	101,187
Current	**14,899**	143,991
	131,423	245,178

Notes:

(a) The amounts represent bank deposits denominated in RMB pledged to banks as security for certain banking facilities granted to the Group and disclosed in note 43.

(b) The amounts represent bank deposits for construction of pre-sale properties. In accordance with relevant government requirements, certain property development subsidiaries of the Group are required to place in designated bank accounts certain amount of pre-sale proceeds as guarantee deposits for the construction of the relevant properties. The deposits can only be used for payments for construction costs of the relevant properties when approval from related government authority is obtained.

(c) The amount represents frozen bank deposits under the order of the courts in relation to litigation proceedings.

(d) Deposits pledged as security for mortgage loans of the Group's customers and restricted bank deposits that are not expected to be released within twelve months after the end of the reporting period are classified as non-current assets.

Details of impairment assessment of restricted bank deposits are set out in note 48.

The restricted bank deposits carry prevailing market interest rates ranging from 0.02%-0.55% (2023: 0.02%-0.55%) per annum.

33. BANK BALANCES AND CASH

	2024 RMB'000	2023 RMB'000
Bank balances and cash	**70,451**	74,697

Cash and cash equivalents comprise bank balances and cash held by the Group. The bank balances carry interest rates ranging from 0.3% to 0.4% (2023: 0.3% to 0.4%).

Bank balances and cash as at December 31, 2024 were denominated in RMB, United States dollar ("US$") and HK$, and RMB is not a freely convertible currency in the international market. The exchange rate of RMB is determined by the government of the PRC and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

For the years ended December 31, 2024 and 2023, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

34. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	**1,892,360**	2,594,993
Deposits received	**211,893**	361,583
Rental received in advance	**147,847**	126,615
Refund liabilities	**366,095**	404,105
Accrued payroll	**56,132**	46,761
Value added tax and other tax payables	**592,381**	869,056
Other payables and accruals	**5,213,995**	1,527,627
Dividend payables	**135,500**	135,500
	8,616,203	6,066,240
Analysed for reporting purposes as:		
Non-current *(note)*	**114,919**	112,412
Current	**8,501,284**	5,953,828
	8,616,203	6,066,240

Note:

Pursuant to the relevant agreements, rental deposits received as at December 31, 2024 and 2023 are to be settled after twelve months from the end of the reporting period and are therefore classified as non-current liabilities.

Trade payables comprise construction costs payables and other project-related expenses payables. The average credit period of trade payables is 180 days.

34. TRADE AND OTHER PAYABLES (Continued)

The following is an aging analysis of trade payables based on invoice date at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
0 to 60 days	**15,380**	253,488
61 to 365 days	**301,920**	697,245
1 to 2 years	**383,803**	534,342
Over 2 years	**1,191,257**	1,109,918
	1,892,360	2,594,993

35. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Property sales	**4,530,157**	5,029,678

All contract liabilities are expected to be settled within the Group's normal operating cycle, and are classified as current.

As at January 1, 2023, contract liabilities amounted to approximately RMB6,897,649,000.

The following table shows how much of the revenue recognized in the current year relates to carried-forward contract liabilities.

	Property sales	
	2024 RMB'000	2023 RMB'000
Revenue recognized that was included in the contract liabilities balance at the beginning of the year	**857,423**	1,043,312

The deposits and advance payment received were recognized as contract liabilities throughout the property construction period until the customer obtains control of the completed property.

The Group receives 10% to 20% of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer a discount to certain customers, provided that the customers agree to make a full payment or pay earlier during the construction period.

36. TAX PAYABLE

	2024 RMB'000	2023 RMB'000
LAT payable	**1,631,023**	1,670,423
Income tax payable	**1,528,695**	1,632,469
	3,159,718	3,302,892

37. LEASE LIABILITIES

	2024 RMB'000	2023 RMB'000
Within one year	**681**	1,081
Within a period of more than one year, but within two years	**–**	673
Within a period of more than two years, but within five years	**–**	–
	681	1,754
Less: Amount due for settlement within 12 months shown under current liabilities	**(681)**	(1,081)
Amount due for settlement after 12 months shown under non-current liabilities	**–**	673

The weighted average incremental borrowing rates applied to lease liabilities was 8.29% (2023: 8.29%) per annum.

38. BANK AND OTHER BORROWINGS

	2024 RMB'000	2023 RMB'000
Bank borrowings, secured	**15,798,425**	15,134,798
Loans from financial institutions, secured	**2,924,081**	3,327,945
Other borrowing, secured	**123,281**	113,587
	18,845,787	18,576,330
Analysis for reporting purposes as:		
Non-current	**11,225,550**	10,573,871
Current	**7,620,237**	8,002,459
	18,845,787	18,576,330

38. BANK AND OTHER BORROWINGS (Continued)

Borrowings of approximately RMB4,401,343,000 and their respective interest payables of RMB994,980,000 that are not repaid according to their schedule repayment dates, might be demanded for early repayment. As a result, borrowing of RMB1,633,669,000 due for repayment after one year, which contains a cross default clause that demands immediate repayment when there is default in any bank loans repayment is classified as current liabilities.

The Directors do not consider that it is probable that the banks and financial institutions will exercise their discretion to demand immediate repayment. Borrowings due for repayment, based on the scheduled repayment terms set out in the loan agreements and without taking into account the effect of any repayment on default clause or cross default clause are as follows:

	2024 RMB'000	2023 RMB'000
The borrowings are due to be repayable:		
On demand and within one year	**7,620,237**	6,638,827
More than one year but within two years	**1,769,829**	3,370,836
More than two years but within five years	**2,494,064**	3,687,090
More than five years	**6,961,657**	4,879,577
	18,845,787	18,576,330

For borrowings which will be maturing before December 31, 2024, the Group is actively negotiating with the banks for the extension of the repayment schedules. The Directors do not expect to experience significant difficulties in renewing most of these bank borrowings upon their maturities and there is no indication that these bank lenders will not renew the existing bank borrowings upon the Group's request. The Directors have evaluated the relevant facts available to them and are of the opinion that the Group would be able to renew such borrowings.

The Group's bank and other borrowings and loans from financial institutions are all denominated in RMB. Details of assets that have been pledged to secure bank and other borrowings are set out in note 43.

Borrowings of approximately RMB6,523,837,000 (2023: RMB6,212,615,000), bearing interest at variable rate ranging from 4.75% to 18% (2023: 4.75% to 15%) per annum as at December 31, 2024 exposed the Group to cash flow interest rate risk. The remaining borrowings, bearing interest at fixed rate, ranging from 2.80% to 14% (2023: 2.80% to 14%) per annum as at December 31, 2024, exposed the Group to fair value interest rate risk.

In April 2020, Suzhou Glory Real Estate Co., Ltd.* (蘇州國瑞地產有限公司) ("Suzhou Glory") entered into a trust loan agreement with Zhongrong International Trust Co., Ltd.* (中融國際信託有限公司) ("Zhongrong Trust"), in which the total credit facility granted is RMB500,000,000 bearing interest at 13.65% per annum. The loan is secured by land use rights included in properties under development for sale of Suzhou Glory and secured by 15% equity interest of Suzhou Glory. Besides the security, the loan is also guaranteed by Shantou Garden Group Co., Ltd.* (汕頭花園集團有限公司) ("Garden Group"), a wholly owned subsidiary of the Company, Mr. Zhang Zhangsun and Ms. Ruan Wenjuan. The respective loan were all settled in March 2021.

38. BANK AND OTHER BORROWINGS (Continued)

In April 2020, Guorui Xingye (Beijing) Health Co., Ltd.* (國瑞興業 (北京) 健康有限公司) (formerly known as Beijing Glory Real Estate (Holding) Co., Ltd.* (北京國瑞興業房地產控股有限公司)) ("New Beijing Glory") and Suzhou Glory, subsidiaries of the Company, entered into a triparty agreement with Zhongrong Trust. Pursuant to the agreement, the loan of RMB42,500,000 was provided by Zhongrong Trust as capital injection to Suzhou Glory, a subsidiary of New Beijing Glory. Upon receipt of the cash contribution, New Beijing Glory and Zhongrong Trust held 15% and 85% equity interests in Suzhou Glory, respectively. In the opinion of the Directors, the loan is to finance the construction of the properties under development of Suzhou Glory; and the relevant investment agreement required: (i) New Beijing Glory is obliged to repurchase the 85% equity interests in Suzhou Glory transferred to Zhongrong Trust with a cash consideration of RMB42,500,000 on 24 April 2021; (ii) Zhongrong Trust does not have any influence over Suzhou Glory or undertake any risk of investment, but only entitled to a fixed interest rate at 13.65% per annum which should be paid quarterly during the 12 months period. In the opinion of the Directors, the arrangement is in substance a financing arrangement from Zhongrong Trust. The Group classified the above loan as a financial liability, and continues to consolidate Suzhou Glory as if Suzhou Glory is a wholly-owned subsidiary of the Group.

The respective trusted loan of RMB42,500,000 was fully settled on March 23, 2021 in cash. However, the repurchase of the 85% equity interests in Suzhou Gory were still under processing. In the opinion of the Directors, due to the fact that Zhongrong Trust does not have any influence over Suzhou Glory, undertaking risk of investment or share any results of Suzhou Glory, the Group continues to consolidate Suzhou Glory as if Suzhou Glory is a wholly-owned subsidiary of the Group. There was no addition trust loan agreement initiated during the years ended December 31, 2023 and 2022.

In January and October 2023, Tongren Guorui Real Estate Co., Ltd entered into agreement with Tongren City Caixin Asset Operation Management (Group) Co., Ltd (銅仁市財信資產運營管理（集團）有限公司), respectively, to borrow two long-term loans in three years. The principals of the loan were RMB26,000,000 and RMB9,000,000 respectively. The interest rate on both loans is 2.8% for the first two years and 3.2% for the third year. In January 2024, Tongren Guorui Real Estate Co., Ltd entered into agreement with Tongren City Caixin Asset Operation Management (Group) Co., Ltd (銅仁市財信資產運營管理（集團）有限公司), borrow the long-term loan amounting to RMB9,000,000 from January 2024 to January 2026. The interest rate is 2.8% for the first year and 3.2% for the second year.

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

39. SENIOR NOTES

	2024 RMB'000	2023 RMB'000
2019 Senior Notes *(note (a))*	**50,850**	45,433
2021 Senior Notes *(note (b))*	**87,762**	77,782
2021 Private Placement Notes *(note (c))*	**415,837**	410,082
2022 Senior Notes *(note (d))*	**3,388,295**	3,064,760
Amount due within one year shown under current liabilities	**3,942,744**	3,598,057

Notes:

(a) 2019 Senior Notes

On February 27, 2019, the Company issued senior notes with an aggregate nominal value of US$160,000,000 ("**2019 Original Notes**") at 97.0% of the principal amount of the 2019 Original Notes. The 2019 Original Notes bearing interest at 13.50% per annum, payable semi-annually in arrears from August 28, 2019, will mature on February 28, 2022. The effective interest rate is approximately 15.74% per annum after the adjustment for transaction costs. The 2019 Original Notes are listed on the Stock Exchange.

On March 15, 2019, the Company issued senior notes with an aggregate nominal value of US$295,000,000 ("**2019 Additional Notes**") at 97.0% of the principal amount of the 2019 Additional Notes plus accrued interest from February 27, 2019 to March 14, 2019. The 2019 Additional Notes is to be consolidated and form a single series with the 2019 Original Notes (collectively referred to as the "**2019 Senior Notes**"). The principal terms of the 2019 Additional Notes are identical to the terms of the 2019 Original Notes, other than the aggregated principal amount and offer price. The effective interest rate is approximately 15.53% per annum after the adjustment for transaction costs.

On January 12, 2021, the Company commenced the exchange offer for the minimum acceptance amount of the outstanding 2019 Senior Notes and the consent solicitation from eligible holders to the amendments to the indenture governing the 2019 Senior Notes ("**Exchange Offer**"). The Exchange Offer and consent solicitation are being made upon the terms and subject to the conditions set forth in the Exchange Offer and Consent Solicitation Memorandum. On January 20, 2021, holders of US$300,600,000 of the 2019 Senior Notes, representing approximately 66.80% of the total aggregate principal amount of the outstanding 2019 Senior Notes, have been validly tendered for exchange (and deemed to have given Consents to the proposed amendments) and accepted pursuant to the Exchange Offer and consent solicitation.

On January 25, 2021, the Company completed the exchange offering of US$300,600,000 of the 2019 Senior Notes with US$323,745,000 of new issue of senior notes due January 25, 2024 (the "**2021 Senior Notes**") which bearing interest at 14.25% per annum (detailed in note (b)). After the completion of the exchange offering, the remaining aggregate principal amount of US$154,400,000 of the 2019 Senior Notes and an aggregate principal amount of US$323,745,000 of the 2021 Senior Notes remain outstanding.

The Directors consider that the terms of the 2021 Senior Notes are not substantially different as the discounted present value of the cash flows under the new terms discounted using the original effective interest rate is different from the discounted present value of the remaining cash flows of the original financial liability by less than 10 per cent. Accordingly, such modification of terms is not accounted for as an extinguishment of the original financial liability. Therefore, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. An adjustment to the carrying amount of the financial liability of RMB41,661,000 is recognised in finance costs at the date of modification during the year ended December 31, 2021.

As at March 1, 2021, certain holders, whom have not accepted the Exchange Offer, of the 2019 Senior Notes exercised their redemption options. Therefore, the Company redeemed part of the 2019 Senior Notes, at a price of US$159,591,000 equal to the aggregate principal amount of US$149,500,000 plus accrued interest to the date of redemption.

39. SENIOR NOTES (Continued)

Notes: (Continued)

(a) 2019 Senior Notes (Continued)

Upon the completion of the redemption and as at December 31, 2021, the remaining outstanding principal amount of the 2019 Senior Notes were US$4,900,000 ("**2019 Outstanding Notes**") with the maturity date on February 28, 2022. On December 31, 2024 and up to the date of authorization of these consolidated financial statements, the 2019 Outstanding Notes are not yet settled and might be demanded for immediate repayment.

The fair value of 2019 Senior Notes as at December 31, 2021 is approximately RMB41,069,000 based on quoted market price and classified as level 1 of fair value hierarchy. As at December 31, 2024, the Directors consider that the carrying amounts of 2019 Senior Notes approximate their fair values.

(b) 2021 Senior Notes

Pursuant to note (a) above, the Company issued the 2021 Senior Notes to settle part of the 2019 Senior Notes of US$300,600,000 on January 25, 2021. The 2021 Senior Notes bearing interest at 14.25% per annum, payable semi-annually in arrears from July 25, 2021, will mature on January 25, 2024. The effective interest rate is approximately 15.74% per annum after the adjustment for transaction costs. The 2021 Senior Notes are listed on the Stock Exchange and Singapore Exchange Securities Trading Limited.

On February 23, 2022, the Company completed the exchange offering of US$315,159,000 of the 2021 Senior Notes with US$334,790,000 of new issue of senior notes due August 23, 2024 (the "**2022 Senior Notes**") which bearing interest at 14.25% per annum (detailed in note (d)). After the completion of the exchange offering, the remaining aggregate principal amount of US$8,586,000 of the 2021 Senior Notes and an aggregate principal amount of US$334,790,000 of the 2022 Senior Notes remain outstanding.

During the year ended December 31, 2024, interest for the outstanding 2021 Senior Notes are not repaid in accordance with their scheduled repayment dates and the outstanding 2021 Senior Notes might be demanded for immediate repayment. On December 31, 2024 and up to the date of authorization of these consolidated financial statements, the outstanding 2021 Senior Notes are not yet settled and the Group is actively negotiating with the note holders so as to extend the repayment date of the principal and interest. The Directors do not consider that it is probable that the holders of the 2021 Senior Notes will exercise their discretion to demand immediate repayment.

39. SENIOR NOTES (Continued)

Notes: (Continued)

(c) 2021 Private Placement Notes

On March 26, 2021, the Company issued the notes with an aggregate nominal value of US$50,000,000 ("**2021 Private Placement Notes**"). 2021 Private Placement Notes bearing interest at 16.0% per annum, is payable quarterly in advance on March 26, June 26, September 26 and December 26 in each year, commencing on June 26, 2021.

During the year ended December 31, 2024, interest for the outstanding 2021 Private Placement Notes are not repaid in accordance with their scheduled repayment dates and the outstanding 2021 Private Placement Notes might be demanded for immediate repayment. On December 31, 2024 and up to the date of authorization of these consolidated financial statements, the outstanding 2021 Private Placement Notes are not yet settled and the Group is actively negotiating with the note holders so as to extend the repayment date of the principal and interest. The Directors do not consider that it is probable that the holders of the 2021 Private Placement Notes will exercise their discretion to demand immediate repayment.

(d) 2022 Senior Notes

Pursuant to note (b) above, the Company issued 2022 Senior Notes to settle part of the 2021 Senior Notes of US$315,159,000 on February 23, 2022. The 2022 Senior Notes bearing interest at 14.25% per annum, payable semi-annually in arrears from August 23, 2022, will mature on August 23, 2024. The effective interest rate is approximately 15.74% per annum after the adjustment for transaction costs. The 2022 Senior Notes are listed on Singapore Exchange Securities Trading Limited.

The 2022 Senior Notes may be redeemed in the following circumstances:

(1) At any time prior to May 25, 2024, the Company may at its option redeem the 2022 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the redeemed 2022 Senior Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.

(2) At any time on or after May 25, 2024, the Company may at its option redeem the 2022 Senior Notes, in whole but not in part, at a redemption price equal to 106.63% of the principal amount of the redeemed 2022 Senior Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.

(3) Under the mandatory redemption clause, the Company shall redeem the 2022 Senior Notes in aggregate principal amount equal to at least (i) US$9,600,000 by April 25, 2022; (ii) an additional 7.5% of the principal amount of the 2022 Senior Notes by November 30, 2022; (iii) an additional 10% of the principal amount of the 2022 Senior Notes by August 31, 2023; (iv) an additional 15% of the principal amount of the principal amount of the 2022 Senior Notes by November 30, 2023; and (v) an additional 15% of the principal amount of the 2022 Senior Notes by May 31, 2024, in each case, at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the redemption date.

39. SENIOR NOTES (Continued)

Notes: (Continued)

(d) 2022 Senior Notes (Continued)

The Company will give not less than 15 days' nor more than 30 days' notice of any redemption to the 2022 Senior Notes holders and the trustee.

The Directors consider that the fair value of the above early redemption options was insignificant on initial recognition and as at December 31, 2022.

On April 25, 2022, the Company and the holders of the 2022 Senior Notes entered into the Supplemental Indenture to extend the deadline for the first instalment of US$9,600,000 for three months to July 25, 2022.

The Directors consider that the terms of the 2022 Senior Notes are not substantially different as the discounted present value of the cash flows under the new terms discounted using the original effective interest rate is different from the discounted present value of the remaining cash flows of the original financial liability by less than 10 per cent. Accordingly, such modification of terms is not accounted for as an extinguishment of the original financial liability. Therefore, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. An adjustment to the carrying amount of the financial liability of RMB65,146,000 is recognised in finance costs at the date of modification during the year ended December 31, 2023.

During the year ended December 31, 2024, principal amount and interest for 2022 Senior Notes are not repaid according to their scheduled repayment dates and might be demanded for immediate repayment. Up to the date of authorization of these consolidated financial statements, the Company and the holders of the 2022 Senior Notes are still negotiating the extension of the repayment schedules of the 2022 Senior Notes. The Directors do not consider that it is probable that the holders of the 2022 Senior Notes will exercise their discretion to demand immediate repayment.

40. SHARE CAPITAL

	Number of shares	Share capital HK$	Equivalent to RMB'000
Ordinary shares of HK$0.001 each			
Authorized:			
At January 1, 2023, December 31, 2023, January 1, 2024, and December 31, 2024	10,000,000,000	10,000,000	
Issued and fully paid:			
At January 1, 2023, December 31, 2023 January 1, 2024, and December 31, 2024	4,444,417,986	4,444,418	3,520

41. RETIREMENT BENEFIT PLANS

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The group entities in the PRC contribute funds which are calculated on a certain percentage ranging from 12% to 20% of the average employee salary as agreed by local municipal government to the scheme. The principal obligation of the Group with respect to the retirement scheme is to make the required contributions under the scheme. There were no forfeited contributions utilised by the Group to reduce existing level of contributions for each of the years.

The total cost charged to profit or loss for the year ended December 31, 2024 amounted to approximately RMB15,482,000 (2023: RMB15,170,000), represent contributions paid or payable to the scheme by the Group.

42. DISPOSAL OF SUBSIDIARIES

For the year ended December 31, 2024

During the year ended 31 December, 2024, the Company entered into an equity transfer agreement ("**Equity Transfer Agreement**") with Beijing Ruisheng Xingda Trading Co., Ltd., in relation to the disposal of the entire equity interests in Beijing Hengyou Housing Rental Co., Ltd. (formerly known as Beijing Hengyou Enterprise Management Co., Ltd.).

The date of change of industrial and commercial registration on the acquisition is 6th August 2024. From the delivery date, Beijing Ruisheng Xingda Trading Co., Ltd. becomes the shareholder of the Beijing Hengyou Housing Rental Co., Ltd. (formerly known as Beijing Hengyou Enterprise Management Co., Ltd.) and enjoys all the rights and interests corresponding to such equity as stipulated by laws and regulations, the equity transfer agreement and the articles of association of the Beijing Hengyou Housing Rental Co., Ltd. (formerly known as Beijing Hengyou Enterprise Management Co., Ltd.), and the undistributed profits and capital reserves of shareholders before the delivery date shall be enjoyed by the Group.

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

42. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended December 31, 2024 (Continued)

The net assets of Beijing Hengyou Housing Rental Co., Ltd. (formerly known as Beijing Hengyou Enterprise Management Co., Ltd.) at the date of disposal and the consideration of disposal were as follows:

	RMB'000
Analysis of assets and liabilities over which control were lost:	
Interests in joint ventures	17,481
Trade and other receivables, deposits and prepayments	209,334
Bank balances and cash*	-
Trade and other payables	(212,112)
Tax payable	(5,762)
Net assets disposed of	8,941
Consideration received and receivable	
Net assets disposed of	8,941
Gain on disposal of a subsidiary recognized in profit or loss (note 7)	8,941
Net cash inflow arising on disposal:	
Cash consideration received during the year	
Less:	
Cash consideration receivable included in other receivables (note 29)	
Bank balances and cash disposed of	
	8,941

*Less than RMB 1,000

43. PLEDGE OF ASSETS

The following assets were pledged to secure certain bank and other borrowings granted to the Group at the end of each reporting period:

	2024 RMB'000	2023 RMB'000
Investment properties *(note 17)*	**14,752,104**	17,843,801
Property, plant and equipment *(note 18)*	**897,659**	929,150
Other non-current assets *(note 20)*	**50,000**	50,000
Properties under development for sale *(note 27)*	**9,496,592**	10,635,994
Properties held for sale *(note 27)*	**406,741**	590,927
Restricted bank deposits *(note 32)*	**200**	200
	25,603,296	30,050,072

As at December 31, 2024, bank deposits of approximately RMB33,442,000 (2023: RMB150,735,000) were pledged as security for mortgage loans of the Group's customers.

43. PLEDGE OF ASSETS (Continued)

The equity interest of the following subsidiaries were pledged to secure certain bank and other loans facilities granted to the Group and the senior notes of the Group:

	2024 %	2023 %
Foshan Glory Southern	99.8	99.8
Glory Investment	100	100
Beijing Wenhuashengda	80	80
Shantou Guorui Hospital Co., Ltd.* (汕頭市國瑞醫院有限公司)	100	100
Suzhou Glory	80	80
Beijing Deheng	80	80
Hainan Junhe	99.8	99.8
Glory Industrial	91	91
Original Beijing Glory	80	80
Langfang Guoxing	100	100
Qidong Glory Properties Limited* (啟東市國瑞置業有限公司)	100	100
Shanxi Huawei	80	80
Shenzhen Guorui Technology Investment Co., Ltd.* (深圳國瑞科技投資有限公司)	80	80
Shenyang Great Eastern Real Estate Co., Ltd.* (瀋陽大東方置業有限公司)	80	80

In addition, the Group pledged 100% equity interest in Hainan Glory Investment & Development Co., Ltd.* (海南國瑞投資開發有限公司) ("Hainan Glory Investment") to Hainan Haidao Linkong Industry Group Co., Ltd.* (海南海島臨空產業集團有限公司) in order to secure the performance obligation as at December 31, 2023 and 2022. The pledge shall be released within 10 days after the completion of the construction contract

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

44. OPERATING LEASING ARRANGEMENTS

The Group as lessor

Operating leases, in which the Group is the lessor, relate to investment properties owned by the Group. All of the offices, shopping mall and retail stores held for rental purposes have committed lessees for 1 to 20 (2023: 1 to 20) years respectively, with unilateral rights to extend the lease beyond initial period held by the lessees only. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is located in a location with a constant increase in value over the years. The Group did not identify any indications that this situation will change.

Undiscounted lease payments receivable on leases are as follows:

	2024 RMB'000	2023 RMB'000
Within one year	**219,597**	339,058
Within a period of more than one year but not more than two years	**160,236**	240,111
Within a period of more than two years but not more than three years	**131,526**	179,029
Within a period of more than three years but not more than four years	**75,806**	145,425
Within a period of more than four years but not more than five years	**30,847**	75,772
After five years	**62,044**	106,457
	680,056	1,085,852

45. COMMITMENTS

	2024 RMB'000	2023 RMB'000
Contracted but not provided for in the consolidated financial statements:		
– Expenditure in respect of investment properties under development	**110,379**	126,280
– Construction of properties for own use	**510,157**	511,187
	620,536	637,467

In addition to the above capital commitments, the Group had contracted expenditure in respect of properties under development for sale of approximately RMB4,409,709,000 (2023: RMB3,862,540,000) as at December 31, 2024, which have not provided for in the consolidated financial statements.

46. CONTINGENT LIABILITIES

	2024 RMB'000	2023 RMB'000
Guarantees provided by the Group in respect of loan facilities utilized by		
– individual property buyers *(note)*	**2,024,560**	3,803,973
– corporate property buyers *(note)*	**7,887**	9,214
	2,032,447	3,813,187

Note: The Group has pledged certain bank deposits (details set out in note 43) and provided guarantees to banks in favor of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security of the mortgage loans granted.

In the opinion of the Directors, the fair value of the financial guarantee contracts at initial recognition is not significant and the Directors consider the default rate is low and a large portion of consideration from property pre-sales contract has been received and recognized as contract liabilities. Accordingly, no loss allowance has been recognized as at December 31, 2024 and 2023.

As at December 31, 2024, Garden Group has provided guarantee to a bank for a banking facility granted to related parties, Jiangmen Yinghui Bay real estate Co., Ltd.* (江門映暉灣房地產有限公司) and Shantou Huirui Hotel Management Co., Ltd.* (汕頭市薈瑞酒店管理有限公司), of which the bank borrowings guaranteed by the Group was amounting to approximately RMB230,000,000 (2023: RMB307,310,000) in aggregate, with the maturity date in July 2025 and March 2026, respectively.

As at December 31, 2024 and 2023, the Group was the defendant of certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business. The likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained at present, but the Directors believe that any possible legal liability which may be incurred from these cases will not have any material impact on the financial performance and financial position of the Group.

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47. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to equity holders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes bank and other borrowings as disclosed in note 38 and senior notes as disclosed in note 39, net of cash and cash equivalents as disclosed in note 33, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through issuance of new shares, payment of dividends, as well as raising of bank and other borrowings and redemption of bank and other borrowings.

48. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
Financial assets at amortized cost	**7,937,943**	3,974,318
Equity instruments at FVTOCI	**13,481**	13,481
	7,951,424	3,987,799
Financial liabilities		
Financial liabilities at amortized cost	**34,313,986**	31,023,557

Financial risk management objectives and policies

The Group's financial instruments include equity instruments at FVTOCI, trade and other receivables, deposits, amounts due from related parties, restricted bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, lease liabilities, bank and other borrowings and senior notes. Details of these financial instruments are set out in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose primarily to the market risks of changes in interest rates, foreign currency exchange rates and other prices.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk over each of the reporting period.

48. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(1) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank and other borrowings (see note 38 for details), senior notes (see note 39 for details) and lease liabilities (see note 37 for details). The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances, restricted bank deposits and variable rate bank and other borrowings (see note 38 for details) which carry at prevailing deposit interest rates or variable rate based on the interest rates quoted by the People's Bank of China.

The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management of the Group will consider hedging significant interest rate exposure should the need arise.

The Group's cash flow exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been prepared based on the exposure to interest rates on variable rate bank and other borrowings at the end of the reporting period. No sensitivity analysis has been presented for bank balances and restricted bank deposits as the management of the Group considers that the fluctuation in interest rates on bank balances and restricted bank deposits is minimal. For variable rate bank and other borrowings, the analysis is prepared assuming the stipulated change taking place at the beginning of the financial year and held constant throughout the year. A 50 basis points (2023: 50 basis points) increase or decrease for variable rate bank and other borrowings are used when reporting interest rate risk internally to key management personnel and represent management's assessment of the reasonably possible change in interest rate in respect of bank and other borrowings.

If interest rates had been increased/decreased by 50 basis points (2023: 50 basis points) in respect of variable rate bank and other borrowings and all other variables were held constant, the Group's post-tax loss (2023: loss) for the year ended December 31, 2024 (net of interest capitalization effect) would be increased/decreased (2023: increased/decreased) by approximately RMB 959,000 (2023: RMB1,299,000).

48. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(2) Foreign currency risk

Most of the Group's revenue and expenditures are in RMB.

The Group has certain bank deposits and senior notes in foreign currencies, hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currency at the end of the reporting period are as follows:

	Assets		Liabilities	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Denominated in:				
HK$	**155**	224	**-**	(587)
US$	**469**	4,220	**(3,942,744)**	(2,790,367)
	624	4,444	**(3,942,744)**	(2,790,954)

Sensitivity analysis

The sensitivity analysis below has been determined based on a 5% (2023: 5%) possible appreciation or depreciation in other currencies against RMB. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust its translation at the end of the reporting period for a 5% change in the foreign currency rates. The sensitivity rate used is the rate when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates.

For financial assets, if the foreign currencies appreciate 5% against RMB and all other variables were held constant, the Group's post-tax loss (2023: loss) for the year ended December 31, 2024 would be decreased (2023: decreased) by approximately **RMB31,000** (2023: RMB167,000). There would be an equal and opposite impact on post-tax loss (2023: loss) for the year if the foreign currencies depreciate 5% against RMB.

For financial liabilities, if the foreign currencies appreciates 5% against RMB and all other variables were held constant, the Group's post-tax loss (2023: loss) for the year ended December 31, 2024 would be increased (2023: increased) by approximately RMB**197,137,000** (2023: RMB104,661,000). There would be an equal and opposite impact on post-tax loss (2023: loss) for the year if the foreign currencies depreciate 5% against RMB.

In the opinion of the Directors, the sensitivity analysis is unrepresentative of the inherent currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

48. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(3) Other price risk

The Group is exposed to equity price risk through its investments in equity securities at FVTOCI. The Group invested in certain unlisted equity securities for investees for long term strategic purposes which had been designed as FVTOCI. The Group has monitored the price risk and will consider hedging the risk exposure should the need arise.

As the Group does not have significant exposure to equity price risk, the Group's income and operating cash flows are substantially independent of changes in equity price.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group is exposed to credit risk in relation to its trade and other receivables, deposits, contract assets, amounts due from related parties, restricted bank deposits, bank balances and financial guarantees issued by the Group.

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantee contracts issued by the Group is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position and the financial guarantee amount as disclosed in note 46.

To manage this risk, bank deposits are mainly placed with state-owned financial institutions and reputable banks. The Group has policies to control the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limiting the amount of credit exposure to any single financial institution.

The Group has no concentration of credit risk in respect of trade and other receivables and deposits, with exposure spread over a number of customers, who are individual purchasers for residential properties and various types of corporations and other business entities for commercial properties. Normally, the Group does not obtain collateral from customers and debtors during the years.

In order to minimize the credit risk, monitoring procedures are carried out to ensure that follow up action is taken to recover overdue debts. In addition, the management of the Group reviews regularly the recoverable amount of trade and other receivables and deposits at the end of each reporting period. The amounts presented in the consolidated statement of financial position are net of allowances for credit losses, estimated by the management of the Group based on historical settlement records, forward-looking information and their assessment of the current economic environment. The Group performs impairment assessment under ECL model on trade receivable balances individually or based on provision matrix.

48. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

Aging by due date	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
At December 31, 2024				
Current (not past due)	**0.6**	**147,553**	**(817)**	**146,736**
Less than 6 months past due	**1.8**	**11,040**	**(197)**	**10,843**
6–12 months past due	**3.6**	**4,142**	**(148)**	**3,993**
1–2 years past due	**9.1**	**17,614**	**(1,602)**	**16,012**
More than 2 years past due	**60.7**	**299,300**	**(181,664)**	**117,636**
		479,649	**(184,429)**	**295,220**
At December 31, 2023				
Current (not past due)	1.9	90,294	(1,743)	88,551
Less than 6 months past due	2.2	14,060	(303)	13,757
6–12 months past due	5.0	3,654	(182)	3,472
1–2 years past due	10.7	3,973	(423)	3,550
More than 2 years past due	56.8	270,053	(153,333)	116,720
		382,034	(155,984)	226,050

For those other receivables and deposits that there had been no significant increase in credit risk since initial recognition, 12m ECL basis is adopted. These other receivables and deposits are due to various group of debtors and the Directors consider the credit risk of these parties is low. For those other receivables and deposits that there had been no significant increase in credit risk since initial recognition, ECL of other receivables and deposits are assessed on lifetime ECL basis. The Group performs impairment assessment under ECL model on other receivables and deposits balances individually

48. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group has concentration of credit risk on amounts due from related parties as at December 31, 2024 and 2023 with details set out in note 49. The management of the Group considers the credit risk and probability of default are low for those related parties, no material loss allowance was recognized in respect of the amounts due from related parties accordingly.

For properties that are presold but development has not been completed, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 80% of the purchase price of the individual property. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is able to retain the sales deposit received and resell the reprocessed properties. Therefore, the management of the Group considers it would likely recover any loss incurred arising from the guarantee provided by the Group. The management of the Group considers the credit risk exposure to financial guarantees provided to banks is limited because the facilities are secured by the properties, the amount drawn down was held by the Group, and the market price of the properties is higher than the guaranteed amounts.

The tables below detail the credit risk exposures of the Group's financial assets and other items, which are subject to ECL assessment:

	12-month or lifetime ECL	2024 Gross carrying amount RMB'000	2023 Gross carrying amount RMB'000
Financial assets at amortized cost			
Trade receivables	Lifetime ECL	**342,839**	234,313
Lease receivables	Lifetime ECL	**136,810**	129,672
Other receivables and deposits	12m ECL	**35,329**	340,104
Other receivables and deposits	Lifetime ECL (credit-impaired)	**4,809,905**	1,382,532
Amounts due from related parties	12m ECL	**2,756,215**	6,780,102
Restricted bank deposits	12m ECL	**131,423**	245,178
Bank balances	12m ECL	**70,451**	74,697
Other items			
Contract assets	Lifetime ECL	**2,320,083**	2,011,874
Financial guarantee contracts *(note)*	12m ECL	**2,262,447**	4,120,497

Note: For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.

48. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows reconciliation of loss allowances that has been recognized for trade receivables, lease receivables, other receivables and deposits and amounts due from related parties.

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At January 1, 2023	25,681	149,595	52,703	227,979
– Impairment losses (reversed)/recognized	3,386	6,389	50,704	60,479
At December 31, 2023 and January 1, 2024	**29,067**	**155,984**	**103,407**	**288,458**
– Impairment losses recognized	**17,286**	**28,446**	**10,839**	**56,571**
At December 31, 2024	**46,353**	**184,430**	**114,246**	**345,029**

For contract assets, the gross amount was approximately RMB2,320,083,000(2023: RMB2,011,874,000) as at December 31, 2024. At the end of the reporting period, the Directors have performed impairment assessment, and concluded that the recognition of ECL for contract assets of approximately RMB3,071,000 (2023: RMB1,215,000) should be recognised during the year. The following table shows the reconciliation of loss allowances that has been recognised for contract assets. Details of the contract assets are set out in note 30.

	Lifetime ECL (not credit-impaired) RMB'000
At January 1, 2023	25,458
– Impairment losses recognized	(1,215)
At December 31, 2023 and January 1, 2024	**24,243**
– Impairment losses reverse	**3,071**
At December 31, 2024	**27,314**

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was approximately RMB2,262,447,000 (2023: RMB4,120,497,000) as at December 31, 2024. At the end of the reporting period, the Directors have performed impairment assessment, and concluded that the ECL since initial recognition of the financial guarantee contracts is insignificant. Details of the financial guarantee contracts are set out in note 46.

48. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings and its available credit facilities. The Directors closely monitor the liquidity position and ensure it has adequate sources of funding to finance the Group's projects and operations.

As mentioned in note 3, as at December 31, 2024, the Group's bank and other borrowings with aggregate carrying amount of approximately RMB7,620,237,000 was due within one year, while its cash and cash equivalents amounted to only approximately RMB70,451,000 and restricted bank deposits for construction of pre-sale properties and for mortgage loans granted to customers amounted to approximately RMB107,717,000, which can be used for payments for project costs when approval from related government authority is obtained.

Due to the impact of market sentiment, as at December 31, 2024, the Group had not repaid senior notes and bank and other borrowings of approximately RMB3,942,744,000 and RMB5,396,323,000 respectively according to their scheduled repayment dates, and as a result, these borrowings might be demanded for early repayment. The Group monitored its compliance with covenants and repayment schedules of bank and other borrowings and senior notes, and took measures to improve the Group's financial position.

Based on the business model, the Group relied to a great extent on proceeds received from properties pre-sale to finance its development and construction of real estate projects. As there is no assurance that proceeds received from future pre-sales of the Group's current real estate projects will be sufficient to meet the Group's needs, the Group's operating plan requires it to raise additional funds to finance the development and construction of its current real estate projects. If the Group is unable to raise additional equity or debt financing, the Group's operations might need to be curtailed.

The management of the Group performed cash flow forecasts for the Group's operations and monitors the forecasts of the Group's liquidity requirements from time to time to ensure the Group has sufficient cash to meet its operational needs and settle liabilities when they fall due. The management of the Group takes into account the following considerations in projecting their cash flow forecasts: (a) successful negotiation with the senior notes holders and the banks for the extension of the repayment schedules; (b) successful disposal of certain investment properties and timely collection of the relevant sales proceeds; (c) successful implementation of the plans and measures to the pre-sales and sales of properties under development for sale and properties held for sales and timely collection of the relevant sales proceeds; and (d) control the administrative costs and capital expenditures. The Directors consider that the Group will be able to maintain sufficient financial resources to meet its operational needs. However, the current economic conditions continue to create uncertainty particularly over the level of demand for the Group's properties for sale and the availability of banking facility for the foreseeable future. Any delay or unavailability of any of the above measure or sources of finance would impact the Group's liquidity position. The management of the Group will closely monitor the liquidity position and set out alternative measures which include adjusting the construction progress as appropriate, reducing the Group's spending on land investments, accelerating sales with more flexible pricing and obtaining other external financing through security market.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank and other borrowings and senior notes with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks or senior notes holders choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are variable rate, the undiscounted amount is derived from interest rate at the end of the reporting period. The amounts included below for variable rate financial liabilities is subject to change if change in interest rates differ to those estimates of interest rates determined at the end of the reporting period.

48. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

		Undiscounted cash flows					
	Interest rate	On demand and within one year RMB'000	More than one year but within two years RMB'000	More than two years but within five years RMB'000	More than five years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At December 31, 2024							
Trade and other payables	–	7,845,794	–	–	–	7,845,794	7,845,794
Lease liabilities	8.29%	692	–	–	–	692	681
Amounts due to related parties	–	3,557,084	–	–	–	3,557,084	3,557,084
Rental deposits received	–	6,977	12,236	20,953	81,730	121,896	121,896
Bank and other borrowings							
– Fixed interest rate borrowings	2.80% - 14.00%	4,341,024	2,071,382	2,801,373	5,177,965	14,391,744	12,321,950
– Variable interest rate borrowings	4.75% - 18.00%	2,531,092	540,170	2,038,952	1,731,911	6,842,125	6,523,837
Senior notes	13.50% -16.00%	3,942,744	–	–	–	3,942,744	3,942,744
		22,225,407	2,623,788	4,861,278	6,991,606	36,702,079	34,313,986
Financial guarantee contracts		2,262,447	–	–	–	2,262,447	–
		24,487,854	2,623,788	4,861,278	6,991,606	38,964,526	34,313,986
At December 31, 2023							
Trade and other payables	–	4,708,986	–	–	–	4,708,986	4,708,986
Lease liabilities	8.29%	1,186	692	–	–	1,878	1,754
Amounts due to related parties	–	3,764,398	–	–	–	3,764,398	3,764,398
Rental deposits received	–	9,765	7,375	59,135	65,282	141,557	122,177
Bank and other borrowings							
– Fixed interest rate borrowings	2.80% - 14.00%	5,020,689	2,949,533	2,181,204	5,045,891	15,197,317	12,363,715
– Variable interest rate borrowings	4.75% - 15.00%	3,960,651	647,164	2,085,248	–	6,693,063	6,212,615
Senior notes	13.50% -16.00%	3,598,057	–	–	–	3,598,057	3,598,057
		21,063,732	3,604,764	4,325,587	5,111,173	34,105,256	30,771,702
Financial guarantee contracts		4,120,497	–	–	–	4,120,497	–
		25,184,229	3,604,764	4,325,587	5,111,173	38,225,753	30,771,702

48. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

As mentioned above, certain bank and other borrowings and senior notes are not repaid according to their scheduled repayment dates or contain a cross default clause that the banks, financial institutions and senior notes holders may demand for immediate repayment. The Directors do not consider that it is probable that the banks, financial institutions and senior notes holders will exercise their discretion to demand immediate repayment. The table below summarizes the maturity analysis of these bank and other borrowings and senior notes with a repayment based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand and within one year" time band in the maturity analysis contained in the above table.

	Maturity analysis – Borrowings subject to demand for early repayment based on scheduled repayments Undiscounted cash flows					
	On demand and within year	More than one year but within two years	More than two years but within five years	More than five years	Total undiscounted cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At December 31, 2024						
Bank and other borrowings	79,099	79,099	237,513	1,688,974	2,084,684	1,747,597
Senior notes	3,942,744	–	–	–	3,942,744	3,942,744

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

48. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

Fair value

The Group's investment in unlisted investments were measured at fair value, and grouped into Level 3.

Financial assets	Fair value as at December 31,		Fair value hierarchy
	2024 RMB'000	2023 RMB'000	
Equity instruments at FVTOCI (see note 23)			
– 0.15% equity investment in Bohai Life	**8,481**	8,481	Level 3
– 10% equity investment in Yongqing Jiyin Rural Bank	**5,000**	5,000	Level 3
	13,481	13,481	

The fair value of the unlisted equity instruments at FVTOCI, was determined by the Directors, based on market approach using the net book value of the investee multiply to the market price-to-book ratio, and adjusted for the lack of marketability. The change in unobservable inputs would not have significant impact to the fair value measurement.

The movements during the years in the balance of level 3 fair value measurement is as follows:

	0.15% equity investment in Bohai Life RMB'000	**10% equity investment in Yongqing Jiyin Rural Bank RMB'000**	**Total RMB'000**
At January 1, 2023	8,481	5,000	13,481
Total losses – included in other comprehensive income			
At December 31, 2023, January 1, 2024 and December 31, 2024	**8,481**	**5,000**	**13,481**

During the year ended December 31, 2024, there was no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (2023: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Except as disclosed in note 39, the Directors consider that the carrying amounts of financial assets and financial liabilities at amortized cost in the consolidated statement of financial position approximate their fair values.

49. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group has the following related party balances and transactions.

A. The following parties are identified as related parties to the Group and the respective relationships are set out below:

Name of related parties	Relationship
Mr. Zhang Zhangsun	Executive Director and controlling shareholder of the Company
Ms. Ruan Wenjuan	Executive Director and spouse of Mr. Zhang Zhangsun
Ms. Zhang Jin	Daughter of Mr. Zhang Zhangsun
Mr. Lin Yaoquan	Brother-in-law of Mr. Zhang Zhangsun
Mr. Zhang Zhangqiao	Younger brother of Mr. Zhang Zhangsun
Beijing Glory Commercial Management Co., Ltd.* (北京國瑞興業商業管理有限公司) ("**Glory Commercial Management**")	Controlled by Ms. Zhang Jin
Jinming Wujin Material Co., Ltd.* (汕頭市金明五金材料有限公司) ("**Jinming Wujin**")	Controlled by Mr. Zhang Zhangsun
Foshan Yinhe Ruixing Commercial Management Co., Ltd.* (佛山市銀和瑞興商業管理有限公司) ("**Foshan Yinhe**")	Controlled by Ms. Zhang Jin
Shenyang Glory Xingda Management Co., Ltd.* (瀋陽國瑞興達企業管理有限公司) ("**Shenyang Xingda**")	Controlled by Ms. Zhang Jin
Longhu Huamu Market Co., Ltd.* (汕頭市龍湖花木市場有限公司) ("**Longhu Huamu**")	Controlled by Ms. Zhang Youxi, sister of Mr. Zhang Zhangsun
Alltogether Land	Parent and ultimate holding company controlled by Mr. Zhang Zhangsun
Shenzhen Glory Industrial Development Co., Ltd.* (深圳國瑞興業發展有限公司) ("**Shenzhen Glory Industrial**")	Controlled by Mr. Zhang Zhangsun
Maorui Zhiye	Joint venture
Zhongyu	Controlled by daughter and spouse of Mr. Zhang Zhangqiao
Well Ample Holding Ltd. (note (i)) (國益控股有限公司)	Controlled by daughter and spouse of Mr. Zhang Zhangqiao
Well Ample Holding (HK) Ltd. (note (i)) (國益控股(香港)有限公司)	Controlled by daughter and spouse of Mr. Zhang Zhangqiao
Shantou Guorui Zhiye Co., Ltd. (note (i))* (汕頭國瑞置業有限公司)	Controlled by daughter and spouse of Mr. Zhang Zhangqiao
Shantou Huirui Hotel Management Co., Ltd. (note (i))* (汕頭市薈瑞酒店管理有限公司)	Controlled by daughter and spouse of Mr. Zhang Zhangqiao
Ruida Zhiye	Associate

Notes:

(i) The related parties were then subsidiaries of the Company and were acquired by Zhongyu during the year ended December 31, 2022 (note 42).

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

49. RELATED PARTY TRANSACTIONS (Continued)

A. The following parties are identified as related parties to the Group and the respective relationships are set out below: (Continued)

Name of related parties	Relationship
Ruimao Real Estate	Joint venture
Guangdong Guosha Investment Holding Group Co., Ltd.* (廣東國廈投資控股集團有限公司) ("**Guangdong Guosha Investment**")	Controlled by Mr. Zhang Zhangqiao
Hainan Glory Commercial Management Co., Ltd.* (海南國瑞興業商業管理有限公司) ("**Hainan Glory Commercial Management**")	Controlled by Ms. Zhang Jin
Xi'an Ruihe Xingda Commercial Management Co., Ltd.* (西安瑞和興達商業管理有限公司) ("**Xi'an Ruihe**")	Controlled by Ms. Zhang Jin
Wuxi Glory	Associate
Shantou Garden Property Services Co., Ltd.* (汕頭市花園物業管理有限公司) ("**Shantou Garden Services**")	Controlled by Ms. Zhang Jin
Beijing Guoyin Investment Fund Management Co., Ltd.* (北京國銀投資基金管理有限公司) ("**Guoyin Fund Investment Management**")	Controlled by Ms. Zhang Jin
Beijing Yinhe Guorui Commercial Investment Co., Ltd.* (北京銀和國瑞商業投資有限公司) ("**Beijing Yinhe**")	Controlled by Ms. Zhang Jin
Beijing Dayuan Tongrui Investment Center (limited partnership)* (北京達源通瑞投資中心（有限合夥）) ("**Beijing Dayuan Tongrui**")	Controlled by Ms. Zhang Jin
Beijing Huirui Capital Investment Co., Ltd.* (北京匯瑞資本投資有限公司) ("**Beijing Huirui**")	Controlled by Ms. Zhang Youxi
Shijiazhuang Guolong Properties Development Co., Ltd.* (石家莊國龍房地產開發有限公司) ("**Shijiazhuang Guolong**")	Controlled by Ms. Zhang Youxi
Shantou Chenghai Garden Hotel Co., Ltd.* (汕頭市澄海花園酒店有限公司) ("**Shantou Chenghai**")	Controlled by Mr. Zhang Zhangsun
Guangdong Guosha Real Estate	
Jiangmen Yinghui Bay real estate Co., Ltd.* (江門映暉灣房地產有限公司)	Controlled by Mr. Zhang Zhangqiao Controlled by Mr. Zhang Zhangqiao

49. RELATED PARTY TRANSACTIONS (Continued)

A. The following parties are identified as related parties to the Group and the respective relationships are set out below: (Continued)

Name of related parties	Relationship
Shantou Chenghai Glory Howard Johnson Guorui Hotel Co., Ltd.* (汕頭市澄海國瑞豪生大酒店有限公司) ("**Shantou Chenghai Glory**")	Controlled by Ms. Zhang Youxi
Shenzhen Glory Medical Industry Development Co., Ltd.* (深圳國瑞醫療產業發展有限公司) ("**Shenzhen Glory Medical**")	Controlled by Ms. Zhang Jin
Shenzhen Aiguoyi Children's Paradise Management Co., Ltd.* (深圳愛國懿兒童樂園管理有限公司) ("**Shenzhen Aiguoyi**")	Controlled by Mr. Zhang Zhangsun
Shenzhen Guoyu Network Technology Co., Ltd.* (深圳國裕網絡科技有限公司) ("**Shenzhen Guoyu**")	Controlled by Ms. Zhang Jin
Shenzhen Diyun Real Estate Consulting Co., Ltd.* (深圳地雲地產諮詢有限公司) ("**Shenzhen Diyun**")	Controlled by Mr. Zhang Zhangsun
Shenzhen Diyun Network Technology Co., Ltd. (深圳地雲網科技有限公司) ("**Shenzhen Diyun Network**")	Controlled by Ms. Zhang Jin
Shenzhen Kesong Investment Co., Ltd.* (深圳科松投資有限公司) ("**Shenzhen Kesong**")	Controlled by Ms. Zhang Jin
Shenzhen Ruibutler Electronic Commerce Co., Ltd.* (深圳瑞管家電子商務有限公司) ("**Shenzhen Ruibutler**")	Controlled by Mr. Zhang Zhangsun
Guangzhou Yipiantian Tourism Development Co., Ltd.* (廣州一片天旅遊開發有限公司) ("**Guangzhou Yipiantian**")	Controlled by Ms. Zhang Jin
Beijing Fangyun Online Network Technology Co., Ltd.* (北京房雲在線網絡科技有限公司) ("**Beijing Fangyun**")	Controlled by Ms. Zhang Jin
Beijing Guorui Commercial Operation Management Co., Ltd.* (北京國瑞商業運營管理有限公司) ("**Beijing Guorui Commercial Operation**")	Controlled by Ms. Zhang Jin
Shenzhen Xiangrui Investment Co., Ltd.* (深圳祥瑞投資有限公司) ("**Shenzhen Xiangrui**")	Non-controlling shareholders of a subsidiary
Guorui Better Life Health Technology (Shenzhen) Co., Ltd (國瑞美好生活健康科技（深圳）有限公司) ("**Guorui Better Life**")	Controlled by Ms. Zhang Jin
Langfang Guorui Agricultural Development Co., Ltd. (廊坊國瑞農業開發有限公司) ("**Langfang Agricultural**")	Controlled by Ms. Zhang Jin
Shenzhen Guole Cultural Industry Investment Co., Ltd. (深圳国樂文化產業投資有限公司) ("**Shenzhen Guole Cultural**")	Controlled by Mr. Zhang Zhangsun

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

49. RELATED PARTY TRANSACTIONS (Continued)

B. At the end of the reporting period, the Group has deposit paid to or amounts receivable from the following related parties and the details are set out below:

Name of related parties	2024 RMB'000	2023 RMB'000
Trade nature *(note (i))*:		
Foshan Yinhe	**43,893**	31,516
Non-trade nature *(note (ii))*:		
Ruida Zhiye	1,499,662	1,477,419
Maorui Zhiye	1,053,090	1,194,670
Wuxi Glory	46,786	46,905
Shenzhen Xiangrui	25,279	29,279
Shenzhen Diyun	23,879	23,284
Shenzhen Diyun Network	16,659	16,659
Shenzhen Glory Industrial	8,327	8,327
Beijing Huirui	7,475	7,475
Shenzhen Guoyu	7,081	7,081
Shenzhen Glory Medical	5,526	5,526
Beijing Dayuan Tongrui	4,003	4,000
Shenyang Xingda	2,800	2,817
Jinming Wujin	2,631	2,522
Shenzhen Kesong	2,000	2,000
Shenzhen Aiguoyi	1,843	1,843
Beijing Guorui Commercial Operation	1,464	1,323
Shantou Garden Services	1,337	1,150
Shantou Chenghai Glory	627	1,077
Guorui Better Life	851	851
Guangzhou Yipiantian	453	194
Guoyin Fund Investment Management	220	522
Ms. Zhang Jin	190	-
Shenzhen Guole Cultural	122	122
Shenzhen Ruibutler	17	105
Shantou Chenghai	-	13,651
Hainan Glory Commercial Management	-	2,112
	2,712,322	2,850,914
Amounts due from related parties, gross	**2,756,215**	2,882,430
Allowance for credit losses	**(11,025)**	(11,478)
Amounts due from related parties, net	**2,745,190**	2,870,952

Notes:

(i) Balances of trade nature are unsecured, interest-free and aged within one year.

(ii) Balances of non-trade nature are unsecured and repayable on demand. There were no new borrowings in the Group for the yea 2024, and the increase in balance was due to an increase in borrowing interest. As of December 31, 2024, there are 2 balances of related party loans, as follows

(iii) Beijing Maorui Real Estate Co., Ltd. [Maorui Real Estate] has a receivable balance of RMB 1,053,090,000, which represents the transactions between the Group and it, including the invested funds of the Group and the interest occupied by such funds. The interest on fund occupation shall be calculated at the agreed interest rate starting from July 2017; Unsecured and repayable upon demand; The ultimate user, Maorui Real Estate, is a related party. The management of this group believes that the credit risk and default probability of these related parties are relatively low.

(iv) Beijing Ruida Real Estate Co., Ltd. [Ruida Real Estate] has a receivable balance of RMB1,499,662,000, which represents the transactions between the Group and it, including the invested funds of the Group and the interest occupied by such funds. The interest on the occupation of funds shall be calculated at the agreed interest rate starting from August 2017; Unsecured and repayable upon demand; The ultimate user, Ruida Real Estate, is a related party. The management of this group believes that the credit risk and default probability of these related parties are relatively low.

The total balance of the two receivables mentioned above is RM 2,552,752.00, with a balance of RMB2,672,089,000 as of December 31, 2023. This type of loan is to provide financial support for joint ventures or associates, which is in line with the company's development interests. As of December 31, 2024, the ratio of two loans to total assets is 4.46%.

49. RELATED PARTY TRANSACTIONS (Continued)

B. At the end of the reporting period, the Group has deposit paid to or amounts receivable from the following related parties and the details are set out below: (Continued)

Maximum amount outstanding for non-trade receivables	2024 RMB'000	2023 RMB'000
Ruida Zhiye	**1,434,834**	1,477,419
Maorui Zhiye	**1,193,462**	1,194,670
Wuxi Glory	**46,786**	46,905
Foshan Yinhe	**43,893**	31,516
Shenzhen Xiangrui	**25,279**	29,279
Shenzhen Diyun	**23,879**	23,284
Shenzhen Diyun Network	**16,659**	16,659
Shenzhen Glory Industrial	**8,327**	8,327
Beijing Huirui	**7,475**	7,475
Shenzhen Guoyu	**7,081**	7,081
Shenzhen Glory Medical	**5,526**	5,526
Beijing Dayuan Tongrui	**4,003**	4,000
Shenyang Xingda	**2,800**	2,817
Jinming Wujin	**2,631**	2,522
Shenzhen Kesong	**2,000**	2,000
Shenzhen Aiguoyi	**1,843**	1,843
Beijing Guorui Commercial Operation	**1,464**	1,323
Shantou Garden Services	**1,150**	1,150
Guorui Better Life	**851**	851
Shantou Chenghai Glory	**627**	1,077
Guangzhou Yipiantian	**453**	194
Guoyin Fund Investment Management	**220**	522
Ms. Zhang Jin	**190**	-
Shenzhen Guole Cultural	**122**	122
Shenzhen Ruibutler	**17**	105
Xi'an Ruihe	**-**	13,651
Shantou Chenghai	**-**	2,112

49. RELATED PARTY TRANSACTIONS (Continued)

C. At the end of the reporting period, the Group has amounts due to the following related parties and the details are set out below:

Name of related parties	2024 RMB'000	2023 RMB'000
Trade nature: *(note (i))*		
Glory Commercial Management	**33,219**	33,191
Foshan Yinhe	**–**	20,738
	33,219	53,929
Non-trade nature: *(note (ii))*		
Longhu Huamu	**1,453,067**	799,716
Alltogether Land (note (iii))	**730,787**	934,207
Shijiazhuang Guolong	**543,925**	193,925
Guangdong Guosha Investment	**459,180**	1,438,322
Ruimao Real Estate	**240,755**	241,255
Guangdong Guosha Real Estate	**76,000**	76,000
Langfang Agricultural	**13,365**	14,807
Mr. Lin Yaoquan	**5,779**	5,779
Mr. Zhang Zhangsun	**500**	500
Beijing Yinhe	**148**	148
Shantou Chenghai	**358**	-
Shenzhen Xiangrui	**-**	4,000
Ms. Zhang Jin	**-**	1,810
	3,523,864	3,710,469
Amounts due to related parties	**3,557,083**	3,764,398

Notes:

(i) Balances of trade nature are unsecured, interest-free and aged within one year.

(ii) Balances of non-trade nature are unsecured, interest-free and repayable on demand.

(iii) The amount represented dividend payable and advance from shareholder of the Company recorded under amounts due to related parties.

49. RELATED PARTY TRANSACTIONS (Continued)

D. During the reporting period, the Group entered into the following transactions with its related parties:

Name of related parties	Nature of transaction	2024 RMB'000	2023 RMB'000
Glory Commercial Management	Commercial management services fee	-	16,480
Shenyang Xingda	Commercial management services fee	-	267
Foshan Yinhe	Commercial management services fee	-	565
Hainan Glory Commercial Management	Commercial management services fee	-	1,037
Xi'an Ruihe	Commercial management services fee	-	371

E. Financial guarantees

Mr. Zhang Zhangsun and Ms. Ruan Wenjuan have provided guarantees for certain bank and other borrowings granted to certain subsidiaries of the Group and senior notes of the Company for nil consideration. As at December 31, 2024, the Group has bank and other borrowings amounting to approximately RMB16,217,500,000 (2023: RMB15,058,788,000) and senior notes amounting to approximately RMB3,526,907,000 (2023: RMB3,187,975,000) guaranteed by Mr. Zhang Zhangsun and Ms. Ruan Wenjuan.

As at December 31, 2024, Garden Group has provided guarantee to a bank for a banking facility granted to related parties, Jiangmen Yinghui Bay real estate Co., Ltd.* (江門映暉灣房地產有限公司) and Shantou Huirui Hotel Management Co., Ltd.* (汕頭市薈瑞酒店管理有限公司), of which the bank borrowings guaranteed by the Group was amounting to approximately RMB230,000,000 (2023: RMB307,310,000) in aggregate, with the maturity date in July 2025 and March 2026, respectively.

F. Key management personnel emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including Directors and other key management of the Group. The key management personnel compensation is as follows:

	2024 RMB'000	2023 RMB'000
Short-term employee benefits	7,829	12,308
Retirement benefit contributions	178	264
	8,007	12,571

50. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at the end of the reporting period are set out below.

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group		Principal activities
			2024	2023	
Garden Group^ *(note (a))*	The PRC	Paid up capital RMB48,000,000	**100%**	100%	Investment holding
Glory Industrial	The PRC	Paid up capital RMB458,224,110	**91%**	91%	Property development and rental business
Original Beijing Glory	The PRC	Paid up capital RMB1,166,000,000	**80%**	80%	Property development, primary land construction development services and rental business
New Beijing Glory	The PRC	Paid up capital RMB52,000,000	**80%**	80%	Rental business
Glory Investment	The PRC	Paid up capital RMB10,000,000	**100%**	100%	Property development
Hainan Tongcheng Industrial Co., Ltd.* (海南同城實業有限公司)	The PRC	Paid up capital RMB74,270,000	**99.8%**	99.8%	Property development
Hainan Nandujiang Industrial Development Co., Ltd.* (海南南渡江實業發展有限公司)	The PRC	Paid up capital RMB20,030,000	**99.8%**	99.8%	Property development
Haikou Hangrui Development Industrial Co., Ltd.* (海口航瑞實業發展有限公司)	The PRC	Paid up capital RMB110,104,100	**99.8%**	99.8%	Property development
Hainan Glory Investment	The PRC	Paid up capital RMB466,869,243	**99.8%**	99.8%	Property development
Xinzheng Glory Real Estate Development Co., Ltd.* (新鄭市國瑞房地產開發有限公司)	The PRC	Paid up capital RMB100,000,000	**80%**	80%	Property development

50. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group		Principal activities
			2024	2023	
Foshan Glory Xingye Real Estate Co., Ltd.* (佛山市國瑞興業地產有限公司)	The PRC	Paid up capital RMB10,000,000	99.8%	99.8%	Property development
Foshan Guohua Properties Co., Ltd.* (佛山市國華置業有限公司) ("佛山市國華") *(note (b))*	The PRC	Paid up capital RMB100,000,000	54.9%	54.9%	Property development
Foshan Glory Southern	The PRC	Paid up capital RMB33,330,000	99.8%	99.8%	Property development and rental business
Langfang Glory Real Estate Development Co., Ltd.* (廊坊國瑞房地產開發有限公司)	The PRC	Paid up capital RMB150,000,000	80%	80%	Property development
Langfang Guoxing^	The PRC	Paid up capital RMB200,000,000	100%	55%	Property development
Shenyang Dadongfang Properties Co., Ltd.* (瀋陽大東方置業有限公司)	The PRC	Paid up capital RMB186,362,194	80%	80%	Property development
Shenyang Glory Industrial Commerce Co., Ltd.* (瀋陽國瑞興業商務有限公司)	The PRC	Paid up capital RMB1,000,000	80%	80%	Rental business
Shanxi Huawei	The PRC	Paid up capital RMB200,000,000	80%	80%	Property development
Hainan Junhe	The PRC	Paid up capital RMB50,000,000	99.8%	99.8%	Property development
Beijing Wenhuashengda	The PRC	Paid up capital RMB50,000,000	80%	80%	Property development

50. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group		Principal activities
			2024	2023	
Shenzhen Wanji Pharmaceutical Co., Ltd.* (深圳萬基藥業有限公司)	The PRC	Paid up capital RMB129,964,800	80%	80%	Rental business
Shenyang Guoyi Business Management Co., Ltd.* (瀋陽國益商業管理有限公司)	The PRC	Paid up capital RMB20,000,000	80%	80%	Rental business
Shenyang Guorui Business Management Co., Ltd.* (瀋陽國瑞商業管理有限公司)	The PRC	Paid up capital RMB50,000,000	80%	80%	Rental business
Shenyang Guosheng Business Management Co., Ltd.* (瀋陽國盛商業管理有限公司)	The PRC	Paid up capital RMB30,000,000	80%	80%	Rental business
Shantou Glory Management Co., Ltd.* (汕頭國瑞企業管理有限公司)	The PRC	Paid up capital RMB40,000,000	100%	100%	Property development
Suzhou Glory	The PRC	Paid up capital RMB50,000,000	80%	80%	Property development
Qidong Yujiangwan Investment Management Co., Ltd.* (啟東禦江灣投資管理有限公司)	The PRC	Paid up capital RMB50,000,000	72%	72%	Property development
Yao Ji (Nantong) Industrial Co., Ltd.* (姚記（南通）實業有限公司)	The PRC	Paid up capital RMB102,500,000	72%	72%	Property development
Shenzhen Dachaoshan	The PRC	Paid up capital RMB197,000,000	85%	85%	Property development
Beijing Deheng	The PRC	Paid up capital RMB50,000,000	80%	80%	Property development

50. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group		Principal activities
			2024	2023	
Foshan Guofeng Estate Development Co., Ltd.* (佛山市國豐地產開發有限公司)	The PRC	Paid up capital RMB10,000,000	99.8%	99.8%	Property development
Tongren Glory Real Estate Development Co., Ltd.* (銅仁國瑞房地產開發有限公司)	The PRC	Paid up capital	99.6%	99.6%	Property development

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

^ These companies are wholly-foreign-owned-enterprises established in the PRC. All other entities established in the PRC are limited liability companies.

Notes:

(a) None of the subsidiaries had issued any debt securities at the end of each reporting period or at any time during the reporting period.

(b) As at December 31, 2024, the Group disposed of Beijing Hengyou Housing Rental Co., Ltd. (formerly known as Beijing Hengyou Enterprise Management Co., Ltd.) to Beijing Ruisheng Xingda Trading Co., Ltd., an independent third party. Details of the disposal are set out in note 42.

(c) All subsidiaries which are set out above operate in the PRC.

The above lists of the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

50. PRINCIPAL SUBSIDIARIES (Continued)

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. Majority of these subsidiaries operate in the PRC, Hong Kong and the BVI. The principal activities of these subsidiaries are summarized as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		2024	2023
Property development	The PRC	4	5
Inactive subsidiaries	The PRC	47	47
Investment holding	Hong Kong	11	11
Investment holding	The BVI	3	3
Business services	The PRC	8	-
		73	66

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests:

Name of subsidiaries	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests	Profit/(loss) attributable to non-controlling interests RMB'000	Accumulated non-controlling interests RMB'000
December 31, 2024				
Original Beijing Glory	The PRC	20%	(87,119)	1,505,311
New Beijing Glory (excluding non-controlling interests of New Beijing Glory's subsidiaries)	The PRC	20%	(64,947)	21,662
Non-wholly owned subsidiaries of New Beijing Glory	The PRC		(2,289)	109,419
Total			(154,355)	1,636,392

50. PRINCIPAL SUBSIDIARIES (Continued)

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests: (Continued)

Name of subsidiaries	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests	Profit attributable to non-controlling interests RMB'000	Accumulated non-controlling interests RMB'000
December 31, 2023				
Original Beijing Glory	The PRC	20%	39,896	1,592,430
New Beijing Glory (excluding non-controlling interests of New Beijing Glory's subsidiaries)	The PRC	20%	(36,570)	86,609
Non-wholly owned subsidiaries of New Beijing Glory	The PRC		(1,438)	111,708
Total			1,888	1,790,747

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interest is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Original Beijing Glory

	2024 RMB'000	2023 RMB'000
Non-current assets	**13,865,280**	15,025,959
Current assets	**4,855,082**	6,175,505
Current liabilities	**(2,450,675)**	(4,829,496)
Non-current liabilities	**(8,747,004)**	(8,410,356)
Equity attributable to owners of the Company	**6,017,372**	6,369,182
Non-controlling interests of Original Beijing Glory	**1,505,311**	1,592,430

50. PRINCIPAL SUBSIDIARIES (Continued)

Original Beijing Glory (Continued)

	2024 RMB'000	2023 RMB'000
Revenue	**2,074,669**	493,642
Cost of sales and expenses	**(2,148,753)**	(749,660)
Change in fair value of investment properties	**(361,512)**	455,500
Profit and total comprehensive income for the year	**(435,596)**	199,482
Profit and total comprehensive income attributable to:		
– owners of the Company	**(348,477)**	159,586
– non-controlling interests of Original Beijing Glory	**(87,119)**	39,896
	(435,596)	199,482
Net cash inflow from operating activities	**83,709**	410,971
Net cash outflow from investing activities	**(58)**	(394)
Net cash outflow from financing activities	**(86,479)**	(386,038)
Net cash (outflow)/inflow from the above activities	**(2,828)**	24,539

New Beijing Glory and subsidiaries

	2024 RMB'000	2023 RMB'000
Non-current assets	**1,651,196**	1,361,069
Current assets	**13,450,361**	21,850,384
Current liabilities	**(13,368,926)**	(22,161,174)
Non-current liabilities	**(1,518,579)**	(506,965)
Equity attributable to owners of the Company	**82,971**	344,997
Non-controlling interests of New Beijing Glory	**21,662**	86,609
Non-controlling interests of New Beijing Glory's subsidiaries	**109,419**	111,708

50. PRINCIPAL SUBSIDIARIES (Continued)

New Beijing Glory and subsidiaries (Continued)

	2024 RMB'000	2023 RMB'000
Revenue	**301,081**	304,346
Cost of sales and expenses	**(566,009)**	(398,195)
Change in fair value of investment properties	**(59,808)**	(89,000)
Profit and total comprehensive income for the year	**(324,736)**	(182,849)
(Loss)/profit and total comprehensive (loss)/income attributable to:		
– owners of the Company	**(257,500)**	(147,717)
– non-controlling interests of New Beijing Glory	**(64,947)**	(36,570)
– non-controlling interests of New Beijing Glory's subsidiaries	**(2,289)**	1,438
	(324,736)	(182,849)
Net cash (outflow)/inflow from operating activities	**(44,029)**	68,310
Net cash outflow from investing activities	**(137)**	(208)
Net cash outflow from financing activities	**(8,992)**	(54,100)
Net cash outflow from the above activities	**(53,158)**	14,002

51. CASH FLOW INFORMATION

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash fllows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

	Non-trade amounts due to related parties RMB'000 (note 49)	Lease liabilities RMB'000 (note 37)	Bank and other borrowings RMB'000 (note 38)	Senior notes RMB'000 (note 39)
At January 1, 2023	3,745,882	2,693	18,139,765	3,108,608
Changes from financing cash flows:				
New bank borrowings raised	–	–	–	–
New loans from financial institutions raised	–	–	35,000	–
Repayments of bank borrowings	–	–	(172,243)	–
Repayments of loans from financial institutions	–	–	(40,521)	–
Repayments of lease liabilities	–	(1,174)	–	–
Repayments to related parties	26,982	–	–	–
Interest paid	–	–	(446,085)	(29,359)
Total changes from financing cash flows	26,982	(1,174)	(623,849)	(29,359)
Other changes:				
Addition of lease liabilities	–	–	–	–
Interest expenses	–	190	1,060,414	518,808
Exchange realignment	–	45	–	–
Disposal of subsidiaries (note 42)	(62,395)	–	–	–
Total other changes	(62,395)	235	1,060,414	518,808

51. CASH FLOW INFORMATION (Continued)

	Non-trade amounts due to related parties RMB'000 *(note 49)*	Lease liabilities RMB'000 *(note 37)*	Bank and other borrowings RMB'000 *(note 38)*	Senior notes RMB'000 *(note 39)*
At December 31, 2023 and January 1, 2024	3,710,469	1,754	18,576,330	3,598,057
Changes from financing cash fllows:				
New bank borrowings raised	–	–	9,000	–
New loans from financial institutions raised	–	–	117,600)	–
Repayments of bank borrowings	–	–	(42,250)	–
Repayments of loans from financial institutions	–	–	(120,022)	–
Repayments of lease liabilities	–	(1,199)	–	–
Repayments to related parties	133,782	–	–	–
Interest paid	–	–	(783,495)	(143,913)
Total changes from financing cash flows	133,782	(1,199)	(819,167)	(143,913)
Other changes:				
Interest expenses	–	101	1,086,224	488,600
Exchange realignment	–	25	–	–
Properites under development for sale & held for sale	–	–	2,400	–
Total other changes	–	126	1,088,624	488,600
At December 31, 2024	3,844,251	681	18,845,787	3,942,744

52. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 RMB'000	2023 RMB'000
Non-current assets		
Unlisted investments in subsidiaries	**1,279,734**	1,279,734
Amounts due from subsidiaries	**7,467,328**	7,477,331
	8,747,062	8,757,065
Current asset		
Bank balances and cash	**207**	310
Current liabilities		
Trade and other payables	**401**	969
Senior notes	**3,942,744**	3,598,057
Amounts due to subsidiaries	**2,531,206**	2,505,643
Amounts due to related parties	**1,085,616**	1,062,380
	7,559,967	7,167,049
Net current liabilities	**(7,559,760)**	(7,166,739)
Net assets	**1,187,302**	1,590,326
Capital and reserves		
Share capital	**3,520**	3,520
Reserves	**1,183,782**	1,586,806
Total equity	**1,187,302**	1,590,326

The financial statements were approved and authorized for issue by the Board of Directors on March 28, 2025 and are signed on its behalf by:

Zhang Zhangsun
Chairman

Ruan Wenjuan
Director

52. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves

	Share premium RMB'000	Capital reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At January 1, 2023	8,027	56,242	1,627,974	1,692,243
Profit and total comprehensive income for the year	–	–	(105,437)	(105,437)
At December 31, 2023 and January 1, 2024	**8,027**	**56,242**	**1,522,537**	**1,586,806**
Profit and total comprehensive income for the year	**–**	**–**	**(403,024)**	**(403,024)**
At December 31, 2024	**8,027**	**56,242**	**1,119,513**	**1,183,782**

Five-Year Financial Summary

	For the year ended December 31, (RMB million)				
	2024	2023	2022	2021	2020
Revenue	**2,705**	2,506	3,905	9,898	5,769
Gross profit	**556**	(50)	114	1,247	980
(Loss)/profit before income tax	**(1,436)**	(655)	(1,090)	877	517
(Loss)/profit for the year	**(1,416)**	(594)	(995)	345	134
– attributable to owners of the Company	**(1,240)**	(564)	(913)	228	99
– attributable to non-controlling interests	**(175)**	(30)	(82)	117	35
(Loss)/earnings per share attributable to owners of the Company, in Renminbi cents:					
– Basic	**(0.28)**	(0.13)	(0.21)	5.14	2.22
– Diluted	**(0.28)**	(0.13)	(0.21)	5.14	2.22

	At December 31, (RMB million)				
	2024	2023	2022	2021	2010
Total assets	**57,205**	56,354	57,386	61,073	67,515
– Non-current assets	**24,839**	26,634	26,163	25,933	25,710
– Current assets	**32,366**	29,720	31,223	35,140	41,805
Total liabilities	**44,835**	42,568	43,007	45,638	52,406
– Non-current liabilities	**13,523**	12,916	11,686	16,002	18,294
– Current liabilities	**31,312**	29,652	31,321	29,636	34,112
Total equity	**12,370**	13,786	14,379	15,435	15,109
– equity attributable to owners of the Company	**9,929**	11,169	11,733	12,707	12,493
– equity attributable to non-controlling interests	**2,441**	2,617	2,646	2,728	2,616

GLORY国瑞

GLORY HEALTH INDUSTRY LIMITED

國瑞健康產業有限公司