中國奧園集團股份有限公司
China Aoyuan Group Limited

(Incorporated in the Cayman Islands with limited liability)
HKEx Stock Code: 3883

Low-profile, pragmatic and rational

Sustainable and stable development

ANNUAL REPORT 2024

Group Introduction

China Aoyuan was listed on the Main Board of the Stock Exchange in October 2007 (Stock Code:3883.HK). As the pioneer of composite real estate in China, China Aoyuan integrated related themes into real estate development, with an aim to create harmonious and excellent living experience and cultural value for customers with the concept of “building a healthy lifestyle”. The Group focuses on Guangdong-Hong Kong-Macao Greater Bay Area, and covers four major regions including South China, core region of Central and Western China, East China, and Bohai Rim. China Aoyuan has established an extensive urban redevelopment layout. Looking forward, the Group is committed to become the leader of health life while achieving sustainable and steady development.

Content

Definitions

"2024 AGM"	the annual general meeting of the Company held on Friday, 28 June 2024
"2025 AGM"	the annual general meeting of the Company to be held on Thursday, 26 June 2025
"Add Hero Schemes"	the scheme of arrangement effected between Add Hero Holdings Limited (a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability) and certain of its creditors pursuant to section 179A of the Business Companies Act, 2004 of the BVI and Sections 670, 673 and 674 of the Companies Ordinance (Cap.622) of Hong Kong for the purposes of implementing the Restructuring
"Aoyuan Beauty Valley"	Aoyuan Beauty Valley Technology Co., Ltd. (奧園美谷科技股份有限公司) (formerly known as Kinghand Industrial Investment Group Co., Ltd. (京漢實業投資集團股份有限公司)), a company established under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000615)
"Aoyuan Healthy Life Group" or "Aoyuan Healthy"	Aoyuan Healthy Life Group Company Limited (now known as Starjoy Wellness and Travel Company Limited), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3662)
"Articles of Association"	the amended and restated articles of association of the Company currently in force
"Audit Committee" or "AC"	audit committee of the Company
"Board"	the board of Directors
"Cayman Companies Act"	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
"CG Code"	Corporate Governance Code set out in Appendix C1 to the Listing Rules
"chief executive"	has the meaning ascribed to it under the Listing Rules
"China Aoyuan" / "Company"	China Aoyuan Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 3883)
"China Aoyuan Schemes"	the scheme of arrangement effected between the Company and certain of its creditors pursuant to section 86 of the Cayman Islands Companies Act (2023 Revision) and Sections 670, 673 and 674 of the Companies Ordinance (Cap. 622) of Hong Kong for the purposes of implementing the Restructuring

"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Dividend Policy"	a dividend policy adopted by the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"INED(s)"	the independent non-executive director(s) of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Nomination Committee" or "NC"	nomination committee of the Company
"PRC"	the People's Republic of China
"Remuneration Committee" or "RC"	remuneration committee of the Company
"Restructuring"	the restructuring of the indebtedness of the Company and its subsidiaries (including Add Hero Holdings Limited) incorporated outside of the PRC in accordance with and implemented through the China Aoyuan Schemes and Add Hero Schemes
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Share Option Scheme"	the share option scheme adopted by the Company on 29 May 2018
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"%"	per cent

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Zhi Bin
Mr. Cheng Siu Fai *(appointed on 27 May 2024)*
Mr. Tan Yi *(resigned on 27 December 2024)*

Non-Executive Directors

Mr. Mohamed Obaid Ghulam Badakkan Alobeidli *(chairman) (appointed on 20 September 2024)*
Mr. Guo Zi Wen *(re-designated from executive Director and ceased to be chairman on 20 September 2024)*
Ms. Shi Li Li *(appointed on 27 December 2024)*
Mr. Ma Jun *(resigned on 1 April 2024)*

Independent Non-Executive Directors

Mr. Cheung Kwok Keung
Mr. Lee Thomas Kang Bor
Mr. Wong Wai Keung Frederick

AUDIT COMMITTEE

Mr. Cheung Kwok Keung *(chairman)*
Mr. Lee Thomas Kang Bor
Mr. Wong Wai Keung Frederick

REMUNERATION COMMITTEE

Mr. Lee Thomas Kang Bor *(chairman)*
Mr. Cheung Kwok Keung
Mr. Wong Wai Keung Frederick

NOMINATION COMMITTEE

Mr. Wong Wai Keung Frederick *(chairman) (appointed as chairman on 20 September 2024)*
Mr. Cheung Kwok Keung
Mr. Lee Thomas Kang Bor
Mr. Cheng Siu Fai *(appointed on 20 September 2024)*
Mr. Guo Zi Wen *(ceased to be chairman and member on 20 September 2024)*

JOINT COMPANY SECRETARIES

Ms. Wong Mei Shan
Ms. Lee Mei Yi *(resigned on 31 March 2024)*

AUTHORISED REPRESENTATIVES

Mr. Cheng Siu Fai *(appointed on 20 September 2024)*
Ms. Wong Mei Shan
Mr. Guo Zi Wen *(resigned on 20 September 2024)*

AUDITOR

SHINEWING (HK) CPA Limited
Registered Public Interest Entity Auditors

CORPORATE WEBSITE

www.aoyuan.com.cn

STOCK CODE

3883.HK

PRINCIPAL BANKERS

Bank of China Limited
Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
China Construction Bank Corporation
Bank of Communications Co., Ltd.
China Minsheng Banking Corp., Ltd.
Guangzhou Rural Commercial Bank Co., Ltd.
China Everbright Bank Co., Ltd.
PingAn Bank Co., Ltd.
China Zheshang Bank Co., Ltd.
China Bohai Bank Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd.
China Guangfa Bank Co., Ltd.
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN PRC

Aoyuan Mansion
No. 108, Huangpu Avenue West
Tianhe District, Guangzhou
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 1503 & P1505, 15/F,
One Kowloon
No. 1 Wang Yuen Street
Kowloon Bay, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman KY1-1110
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
Wanchai
Hong Kong

INVESTOR RELATIONS

Email:	ir@aoyuan.net
Telephone:	(852) 3622 2122
	(86) 20-3868 6666
Facsimile:	(852) 2180 6189
	(86) 20-3868 6688

Chairman's Statement

Dear Shareholders and Investors,

In 2024, the real estate market underwent significant changes between supply and demand. The expectations and demand still restrained the industry's pace of recovery to certain extent, and the investment in real estate and contracted sales continued to decline throughout the year. The Group has maintained its strategic focus on "stabilizing operations, guaranteeing delivery and promoting transformation" as its core priority. The Group has successfully resumed trading, and completed offshore debt restructuring, and put its operations back on track. On behalf of the Board of Directors, I would like to express my sincere gratitude to the shareholders, creditors and other stakeholders for their patience, trust and support.

Confronting a challenging situation, the Group has actively integrated resources and revitalized its assets, focused on optimizing its organisational structure, reduced costs and increased efficiency so as to stabilise its operations. As at 31 December 2024, the Group has achieved property contracted sales of approximately RMB10,550 million with contracted Gross Floor Area ("GFA") sold of approximately 1,252,000 square metres.

With the support of all parties, the Group has satisfied all conditions of the offshore restructuring in 2024, substantially relieving its debt pressure. This has provided the Group with a valuable opportunity to resume its operations. At this stage, the core task of the Group has moved to ensure delivery of housing projects and payment settlement. Through the reform of the organisational structure and the integration of resources, the Group has formed a virtuous circle that guarantees high-quality project delivery and fulfilment of its debt obligations.

In 2025, China's real estate industry will enter a pivotal phase, with sales stabilising and the development model undergoing significant restructuring. Driven by the national strategy of "Good House", the market is rapidly evolving into a new landscape centred around government-subsidised housing, diversified housing demand, and the renewal and reconstruction of existing housing. The Group will focus on urban renewal and dilapidated housing reconstruction in the Pearl River Delta, the Company is deeply involved in the development of smart home devices, responding accurately to the demand for residential upgrading in the new era. It will also establish a long-term mechanism for debt management, while promoting the restructuring of onshore debt and improving the cash flow control system, aiming to strengthen the operational foundation.

Adhering to the business philosophy of being low-profile, pragmatic and rational, we will reshape the financial composition by way of debt restructuring, and to reinforce our competitive advantages through product innovation. Our goal is to achieve sustainable and balanced development, aligning corporate value with social benefits, on the basis of safeguarding the rights and interests of investors.

Once again, I would like to extend my heartfelt gratitude to shareholders, investors, creditors, property owners, partners, customers and other parties of the society. We will devote ourselves to building and strengthening our core competitiveness, and continue to create values for all our stakeholders.

Mr. Mohamed Obaid Ghulam Badakkan Alobeidli
Chairman

Hong Kong
25 March 2025

I. BUSINESS REVIEW

In 2024, the real estate industry accelerated its transformation in the deepening of supply-side structural reform, and the market supply and demand relationship underwent a historic restructuring. According to the National Bureau of Statistics of China, China's real estate investment was down by 10.6% year-on-year to RMB10.028 trillion, while the sales of commodity housing were down by 17.1% year-on-year to RMB9.675 trillion. In the second half of the year ended 31 December 2024, the PRC Government launched a series of enhanced policies on both the supply and the demand sides to stabilise the market and expectations.

In 2024, the Group overcame difficulties and achieved property contracted sales of approximately RMB10.55 billion with contracted gross floor area ("GFA") sold of approximately 1.252 million sq.m.. Details of property contracted sales by region are as follow:

Region	**Property contracted sales amount** (RMB billion)	**Contracted GFA sold** ('000 sq.m.)
South China	3.20	377
Core Region of Central & Western China	2.88	383
East China	1.41	196
Bohai Rim	3.06	296
Total	10.55	1,252

At the same time, the Group proactively operated in a steady manner by making every effort to consolidate and revitalize its resources and to ensure 100% mark resumption and delivery.

The Group continues to focus on the core cities in the Greater Bay Area. As at 31 December 2024, the landbank in the Greater Bay Area had a total GFA of approximately 5.64 million sq.m., with the attributable GFA of approximately 4.24 million sq.m..

In addition, with the strong support of its onshore and offshore creditors, the Company completed the extension of standardized domestic public debt instruments and the holistic restructuring of offshore debts.

II. FUTURE OUTLOOK

In 2025, China's real estate market will enter into a new stage of sales stabilisation and in-depth structural transformation of the industry. The industry will accelerate its strategic transformation from scale expansion to quality and value upgrading under the concerted efforts of multi-dimensional policies such as the full implementation of the "Good House" standard system, supply-side precision reform and efficient inventory revitalisation. By strengthening fundamental protection functions, upgrading urban renewal efficiency, optimising community services, and implementing other systematic projects, China aims to improve people's livelihoods and quality of life, achieving gradual progress and effectively enhancing people's sense of well-being and happiness through housing excellence.

The Company will remain focused on the two key strategies of "ensuring delivery of housing projects and payment settlement". It strives to lay a solid development foundation through systematic measures, including enhancing its organisational structure and optimising resource allocation. Simultaneously, the Company will, as appropriate, systematically promote the restructuring of onshore debts, establish a long-term mechanism to alleviate debt pressure, and strengthen the full-cycle cash flow risk control system to ensure operating security. Focusing on urban renewal and dilapidated housing reconstruction in the Pearl River Delta, the Company is deeply involved in the development of smart home devices, responding accurately to the demand for residential upgrading in the new era. Adhering to the business philosophy of being low-profile, pragmatic and rational, we will accelerate the recovery of business fundamentals, protect shareholders' rights, uplift market expectations and generate social benefits in a coordinated way.

III. FINANCIAL REVIEW

The revenue is primarily generated from property development. In 2024, the Group's total revenue was approximately RMB9,675 million, representing a decrease of approximately RMB17,858 million or 64.9% over approximately RMB27,533 million in 2023. Property development revenue, other revenue such as hotel operation and sales of goods and property investment revenue accounted for 84.4%, 13.7% and 1.9% respectively.

In 2024, the Group's revenue generated from property development amounted to approximately RMB8,168 million, representing a decrease of approximately RMB16,796 million or 67.3% over approximately RMB24,964 million in 2023. The total GFA of delivered properties decreased by 72.3% to 0.82 million sq.m. from 2.96 million sq.m. in 2023, while the average selling price increased by 18.1% to approximately RMB9,961 per sq.m. from approximately RMB8,434 per sq.m. in 2023. This was mainly attributable to the further increase in the portion of properties delivered in Eastern China with the higher average selling price during the period.

Gross Profit and Margin

For 2024, the Group's gross loss amounted to approximately RMB16,189 million, representing an increase of 1,013.4% as compared to the gross loss of approximately RMB1,454 million for 2023, and the gross loss margin was 167.3%. Excluding the impairment loss on properties for sale, and including loss on certain urban redevelopment projects, included in the cost of sales, the Group's gross profit for 2024 amounted to approximately RMB630 million, representing an increase of 88.6% over that of RMB334 million for 2023, with a gross profit margin for 2024 of 6.5% (2023: 1.2%).

Other Income, Gains and Losses

In 2024, the Group's other income, gains and losses mainly included restructuring gain from the completion of the Group's offshore debt restructuring of approximately RMB26,155 million, expected credit loss of approximately RMB1,675 million, loss on debt settlement in specie of approximately RMB477 million, loss on disposal of investment properties of approximately RMB177 million and other losses of approximately RMB373 million.

Selling and Distribution and Administrative Expenses

In 2024, total selling and distribution expenses of the Group were approximately RMB539 million, representing a decrease of 47.7% from approximately RMB1,030 million in 2023, which was mainly attributable to the decrease in overall sales, marketing and promotional activities owing to the decrease in property contracted sales during the year. Total administrative expenses decreased by 53.7% from approximately RMB2,059 million in 2023 to approximately RMB954 million, which was mainly attributable to the Group's continuing effort in the streamlining of organizational structure and effective control over cost and expenses.

Profit Attributable to Owners of the Company

In 2024, profit attributable to owners of the Company was approximately RMB35 million, while loss of approximately RMB9,534 million in 2023. Excluding the restructuring gain of RMB26,155 million, the profit attributable to owners of the Company turned to a loss of approximately RMB26,120 million, representing an increase in loss of 174.0% over the loss of approximately RMB9,534 million for 2023.

Financial Position

As at 31 December 2024, the Group's total assets amounted to approximately RMB159,505 million (as at 31 December 2023: approximately RMB199,371 million) and total liabilities were approximately RMB185,373 million (as at 31 December 2023: approximately RMB227,455 million).

Current ratio (calculated based on the total current assets divided by the total current liabilities) was 0.9 as at 31 December 2024 (as at 31 December 2023: 0.8).

Cash Position

As at 31 December 2024, the Group had cash and bank deposits of approximately RMB886 million (as at 31 December 2023: approximately RMB1,859 million). As at 31 December 2024, the Group had restricted bank deposits of approximately RMB2,254 million (as at 31 December 2023: approximately RMB3,591 million).

As at 31 December 2024, cash, bank deposits and restricted bank deposits of the Group mentioned above totalled approximately RMB3,141 million, of which 86.9% was denominated in Renminbi and 13.1% was denominated in other currencies (mainly in HK dollar and Canadian dollar).

Borrowings, Senior Notes, Corporate Bonds

As at 31 December 2024, the Group had bank and other borrowings of approximately RMB51,180 million (as at 31 December 2023: approximately RMB71,760 million) and senior notes and corporate bonds of approximately RMB22,625 million (as at 31 December 2023: approximately RMB35,691 million).

	31 December 2024 (RMB million)	31 December 2023 (RMB million)
Repayment period		
Repayable on demand and within one year	**53,662**	95,785
More than one year, but not exceeding two years	**4,626**	5,139
More than two years, but not exceeding five years	**5,272**	6,296
More than five years	**10,245**	231
	73,805	107,451

Part of the borrowings of the Group are floating-rate borrowings, of which interest rates are subject to negotiation on an annual basis, thus exposing the Group to cash flow interest rate risk. The Group has implemented certain interest rate management policies which mainly included, among other, close monitoring of interest rate movements and replacing and entering into of new banking facilities when good pricing opportunities arise.

Contingent Liabilities

As at 31 December 2024, the Group had the contingent liabilities relating to guarantees in respect of mortgage facilities provided by banks to purchasers and bank borrowings granted to a third party, joint ventures and associated companies of the Group amounting to approximately RMB66,445 million (as at 31 December 2023: approximately RMB74,592 million).

The Group acted as guarantor to the banks in respect of the mortgage bank loans granted to certain property purchasers of the Group's property and agreed to repay the outstanding mortgage loans upon the purchasers' default on the repayment of the outstanding mortgage bank loans and the bank loan interest accrued thereon. In the opinion of the Directors, the fair value of the financial guarantee contracts is not significant at the initial recognition and provision has not been made as the default rate is low.

Commitments

As at 31 December 2024, the Group had construction cost commitments for properties for sale and investment properties contracted but not provided for of approximately RMB12,944 million (as at 31 December 2023: approximately RMB14,232 million). In addition, the Group's share of commitments relating to its joint ventures arising from construction cost commitments contracted but not provided for is approximately RMB3,833 million (2023: RMB3,620 million). The Group expects to fund these commitments principally from sale proceeds of properties and bank borrowings.

Foreign Currency Risks

Most of the Group's revenues and operating costs are denominated in Renminbi. Except for the bank deposits denominated in foreign currencies, senior notes and convertible bonds denominated in US dollar and bank loans denominated in HK dollars, the Group's operating cash flow or liquidity is not directly subject to any other material exchange rate fluctuations. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure when needed.

Pledge of Assets

As at 31 December 2024, the Group has pledged its properties for sale, property, plant and equipment, investment properties, right-of-use assets and restricted bank deposits of approximately RMB65,370 million (as at 31 December 2023: approximately RMB72,540 million) to various banks to secure project loans and general banking facilities granted to the Group.

Financial Assistance to Affiliated Companies

As at 31 December 2024, the Group has provided financial assistance, by way of advances and guarantees given for facilities granted to its affiliated companies (including the associated companies and joint ventures of the Group), The said financial assistance provided to those affiliated companies, in aggregate, amounted to approximately 12.26% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of those affiliated companies with financial assistance from the Group and the Group's attributable interests in those affiliated companies as at 31 December 2024 are presented as follows:

	Combined statement of financial position RMB'000	Group's attributable interests RMB'000
Assets		
Non-current assets	**2,674,033**	1,367,041
Current assets	**40,642,890**	21,923,684
Total assets	**43,316,923**	23,290,725
Liabilities		
Non-current liabilities	**5,534,534**	3,193,087
Current liabilities	**33,348,981**	18,088,661
Total liabilities	**38,883,515**	21,281,748
Total assets less current liabilities	**9,967,942**	5,202,064
Net assets	**4,433,408**	2,008,977

The combined statement of financial position of the affiliated companies has been prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position, as at 31 December 2024.

EVENTS AFTER THE REPORTING PERIOD

There have been no other important events that have a significant impact on the Group subsequent to the reporting date.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2024, the Group had 3,123 employees (31 December 2023: 3,998 employees). The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice and individual performance of the employees. Pursuant to relevant laws and regulations, the Group provides contributions to social insurance of China and contribution to the Mandatory Provident Fund Scheme of Hong Kong for eligible employees. The Group also provides employees in China with medical insurance, individual work injury insurance, maternity insurance and unemployment insurance.

Mohamed Obaid Ghulam Badakkan Alobeidli, Non-executive Director

Chairman

Mohamed Obaid Ghulam Badakkan Alobeidli, aged 45, was appointed as a non-executive Director of the Company and the chairman of the Board on 20 September 2024. Mr. Alobeidli obtained his Bachelor's Degree of Management Information Systems from the United Arab Emirates University in 2001, Master's Degrees of Project Management and Computer Science from the George Washington University in 2008 and 2010 respectively, a Master's Degree of International Business Law from the Panthéon-Assas University Paris II in 2020 and a Master's Degree of Data Management and Artificial Intelligence from the ESCP Business School in 2022. He also completed the "Impactful Leaders Program" in the Mohammed Bin Rashid Center for Leadership Development in 2020. Mr. Alobeidli is currently enrolled in an Executive Master of Business Administration Program in the Georgetown University. Mr. Alobeidli has over two decades of experience across multiple industries, which include technology, real estate and strategic consulting. Since 2023, he acts as the general manager of Magnuvest Investment, which has participated in several real estate projects in the United Arab Emirates. He served as the chief executive officer of M5 Telecom and M5 Consultancy between 2001 and 2015 and between 2015 and 2023 respectively. Except for being a Director of the Company, Mr. Alobeidli has not held any directorship in the last three years in public companies which are listed in Hong Kong or overseas.

Guo Zi Wen, Non-executive Director

Guo Zi Wen, aged 60, is the founder of the Group. He has been re-designated from the position of an executive Director and chairman to the position of a non-executive Director on 20 September 2024. He holds a Master's Degree in Business Administration. Mr. Guo is mainly responsible for giving guidance for the development strategies of the Group. Except for being a Director of the Company, Mr. Guo has not held any directorship in the last three years in public companies which are listed in Hong Kong or overseas.

Chen Zhi Bin, Executive Director

Chen Zhi Bin, aged 43, is an executive Director of the Company. Mr. Chen is also a director of certain subsidiaries of the Company. He is mainly responsible for the onshore debt restructuring and coordinating the overall operations of the Group. Mr. Chen graduated from the Sun Yat-Sen University in the PRC with a Bachelor's Degree in Finance and is a member of The Chinese Institute of Certified Public Accountants. Mr. Chen joined the Group in August 2014 and was appointed as an executive Director on 27 January 2021. Mr. Chen served as the chief financial officer of the Group from 19 April 2019 to 27 April 2023. Mr. Chen had served in renowned companies such as Deloitte Touche Tohmatsu CPA as an audit and assurance manager and Fantasia Holdings Group Co., Limited (the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1777)) as a general manager of finance department. Mr. Chen had served as a non-executive director of Aoyuan Healthy from July 2018 to January 2021.

Cheng Siu Fai, Executive Director

Cheng Siu Fai, aged 51, was appointed as an executive Director of the Company on 27 May 2024. Mr. Cheng is also a director of certain subsidiaries of the Company. Mr. Cheng is mainly responsible for the management of post-offshore restructuring and offshore projects, listing compliance and corporate governance of the Group. Mr. Cheng holds a Bachelor's Degree in Accounting and Economics from the Curtin University in Australia. Mr. Cheng possesses extensive experience in several aspects, such as financial management, corporate finance, capital market and investor relations. He also successively served as the finance manager, general finance manager, financial controller and vice president of international investment group of the Company from July 2007 to April 2020. From August 2021 to November 2021, Mr.

Cheng served as the vice president of an international investment group of the Company. From November 2021 to May 2024, Mr. Cheng served as an executive director of Starjoy Wellness and Travel Company Limited (formerly known as Aoyuan Healthy Life Group Company Limited) ("Starjoy", together with its subsidiaries, the "Starjoy Group"), the shares of which are listed on the Main Board of the Stock Exchange (3662.HK) and the authorised representative of Starjoy from February 2023 to May 2024. From April 2020 to November 2020, he served as the vice president and the chief financial officer of Starjoy Group and was in charge of the relevant sectors of Starjoy Group, such as financial, capital management, corporate finance, capital market operations and investor relations.

Shi Li Li, Non-executive Director

Shi Li Li, aged 39, was appointed as a non-executive Director of the Company on 20 September 2024. She is responsible for providing advice to the Board on the environmental, social and governance development of the Company. Ms. Shi holds a Bachelor's Degree of Tourism Management from the Zhengzhou University. Ms. Shi joined the Group in 2011 and successively served as an officer of the general office of the Board, the Human Resources and Corporate Social Responsibility Manager of the Company and the General Manager (Corporate Social Responsibility) of the Company. Except for being a Director of the Company, Ms. Shi has not held any directorship in the last three years in public companies which are listed in Hong Kong or overseas.

Cheung Kwok Keung, Independent Non-executive Director

Cheung Kwok Keung, aged 58, was appointed as an independent non-executive Director of the Company on 20 January 2011. Mr. Cheung is the chairman of the Audit Committee, a member of each of the Remuneration Committee and Nomination Committee. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheung has over 30 years of experience in auditing, accounting and financial management. Mr. Cheung is a chief financial officer of Huazhang Technology Holding Limited (1673.HK) since 1 May 2024. He was the chief financial officer and the company secretary of Lee & Man Paper Manufacturing Limited (2314.HK) from 1 August 2002 to 31 December 2022, the shares of above companies are listed on the Main Board of Stock Exchange. Mr Cheung was an independent non-executive director of Coolpoint Innonism Holding Limited (8040.HK) from 19 January 2018 to 7 February 2023, which is listed on the GEM of the Stock Exchange.

Lee Thomas Kang Bor, Independent Non-executive Director

Lee Thomas Kang Bor, aged 71, was appointed as an independent non-executive Director of the Company on 13 April 2021. Mr. Lee is the chairman of the Remuneration Committee, a member of each of the Audit Committee and the Nomination Committee. Mr. Lee graduated from The Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic) with a higher diploma in accountancy in 1976. He received his Bachelor and Master of Laws degrees from the University of London in 1988 and 1990, respectively. Mr. Lee is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants (UK), the Taxation Institute of Hong Kong, and a member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries (now known as the Chartered Governance Institute and the Hong Kong Chartered Governance Institute). Mr. Lee was called to the Bar of the Honourable Society of Lincoln's Inn in 1990. Mr. Lee is a past president and an advisor of the Taxation Institute of Hong Kong, a past president and honorary advisor of Asia Oceania Tax Consultants' Association and a past president of Hong Kong Professional and Senior Executives Association. Mr. Lee is the chairman of Thomas Lee & Partners Limited, Certified Tax Advisers. From August 2008 to March 2021, Mr. Lee served as an independent non-executive director of Sparkle Roll Group Limited (970.HK) and from September 2005 to May 2022, Mr. Lee served as an independent non-executive director of China Infrastructure & Logistics Group Limited (1719.HK), the shares of which are listed on the Main Board of the Stock Exchange.

Wong Wai Keung Frederick, Independent Non-executive Director

Wong Wai Keung Frederick, aged 69, was appointed as an independent non-executive Director of the Company on 24 February 2023. Mr. Wong is the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee. Mr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Wong received a Master's Degree in Electronic Commerce from the Edith Cowan University in Western Australia in 2002. Mr. Wong has over 40 years of experience in accounting, finance, audit, tax and corporate finance, and has worked at an international certified public accountant firm and listed companies in the United Kingdom, New Zealand, Hong Kong and Thailand. Mr. Wong is currently an independent non-executive director of Perfect Group International Holdings Limited (3326.HK) and an independent non-executive director of Wah Sun Handbags International Holdings Limited (2683.HK), Mr. Wong served as an executive director of Da Sen Holdings Group Limited (1580.HK) from November 2020 to January 2022 and as an independent non-executive director of China Infrastructure & Logistics Group Ltd. (1719.HK) from April 2014 to May 2022. The shares of the above companies are listed on the Main Board of the Stock Exchange. Besides, Mr. Wong is an executive director of CF Energy Corp. (stock code: CFY), the shares of which are listed on the TSX Venture Exchange.

Tan Yi

Tan Yi, aged 45, resigned as an executive Director of the Company on 27 December 2024. Mr. Tan also resigned as a director of certain subsidiaries of the Company on 28 October 2024. Mr. Tan remains the position of executive president within the Group and focuses on the legal management of the Group. Mr. Tan obtained a Master's Degree in Law from Sun Yat-Sen University in the PRC in 2005. Mr. Tan joined the Group in October 2006 and has assumed various positions successively since then, including legal specialist, legal officer and legal general manager of the Company, president assistant and vice president of a major subsidiary of the Group, president assistant of the Group and vice president, executive president of the Group. From July 2020 to July 2023, Mr. Tan also served as the chairman of supervisory board of Aoyuan Beauty Valley. Prior to joining the Group, Mr. Tan had served as a legal specialist in Guangzhou Dongshun Real Estate Development Co. (廣州東順房地產開發有限公司) in the PRC. Except for being a Director, Mr. Tan has not held any directorship in the last three years in public companies which are listed in Hong Kong or overseas.

Ma Jun

Ma Jun, aged 48, resigned as a non-executive Director of the Company on 1 April 2024. Mr. Ma holds a Master's Degree in Civil Engineering Construction from the Chongqing University and a Bachelor's Degree in Environmental Engineering from the Tianjin University in the PRC. Mr. Ma joined the Group in March 2015. He was appointed as an executive Director on 28 August 2015 and re-designated as a non-executive Director on 1 November 2023. Mr. Ma worked at 中海地產天津公司 (in English, for identification purpose only, China Overseas Land Tianjin Company) as deputy general manager and Autren Real Estate (Group) Co., Ltd. as an executive vice president and possesses more than 20 years of experience in the real estate industry. Mr. Ma was appointed as chairman of the board and non-independent director of Aoyuan Beauty Valley in 15 July 2020 and resigned on 29 December 2021.

Profile of Senior Management and Company Secretary

Yang Hai Neng

Yang Hai Neng, aged 49, is an executive president of the Group. He graduated from the Fudan University with an EMBA Degree. He had worked in well-known property companies such as CIFI and BRC, and served as the general manager of city companies and group president assistant. He joined the Group in January 2018 and is currently responsible for the Group's efforts on completing and ensuring delivery of housing projects.

Jiang Zhan Hong

Jiang Zhan Hong, aged 36, is the general vice president of the Group. He graduated from the South China University of Technology with a Master's Degree in Technical Economics and Management. He held the positions of cost manager, director, general manager assistant and general manager of the Group from December 2013 to March 2023, and was later transferred to other departments to take charge of cost management related work. He has been the Group's general vice president since September 2024 to take charge of the operation management and asset management of real estate development projects.

Yin Ji

Yin Ji, aged 43, is a vice president of the Group. He graduated from the Sun Yat-Sen University with an EMBA Degree. He worked as a marketing manager, general manager of city companies, president assistant and general manager of South China in companies such as Vanke, Guangdong GW Holdings Group Co. Ltd and Fosun Health Capital. He joined the Group in March 2018, and is currently responsible for the operation and management of the urban renewal business, capital investment group and real estate development projects in Southwest China.

Dong Wen Ya

Dong Wen Ya, aged 39, is the chief financial officer of the Company. Ms. Dong is a member of The Chinese Institute of Certified Public Accountants and senior accountant. She graduated from the Guangdong University of Finance & Economics in the PRC in 2007 with a Bachelor Degree in International Finance and obtained a Master's Degree in Business Administration from the Sun Yat-Sen University in the PRC in 2016. She joined the Group in May 2011. Prior to joining the Group, Ms. Dong served as an audit assistant manager in KPMG Huazhen LLP, Guangzhou branch.

Qiu Shao Kun

Qiu Shao Kun, aged 43, is a vice president of the Group. He graduated from the Guangdong University of Finance and Economics with a Bachelor's Degree in Accounting. He once worked for Kaisa Real Estate, holding positions such as financial manager and financial officer of its urban companies. He joined the Group in May 2015 and is mainly responsible for the financial and fund management of the real estate sector of the Group.

Huang Xiao Yan

Huang Xiao Yan, aged 41, is the vice president of the Group. She graduated from the Guangdong University of Technology with a Bachelor's Degree in Land Resources Management. She once worked for Country Garden and Nimble Holdings, holding positions such as development manager and person-in-charge of local district. She joined the Group in March 2016, and is currently responsible for the Group's human resources administration, information technology and external liaison.

JOINT COMPANY SECRETARIES

Wong Mei Shan

Wong Mei Shan, joined the Group in July 2017 and was appointed as the company secretary of the Company in August 2018. She is a certified public accountant and a fellow member of the Hong Kong Institute of Certified Public Accountants, with over 10 years of experience in company secretarial, corporate governance and compliance affairs. She holds a Bachelor of business administration degree in Accounting from the Hong Kong University of Science and Technology and a Bachelor of Laws degree from the University of London.

Lee Mei Yi

Lee Mei Yi, was appointed as the joint company secretary of the Company in January 2017 and resigned on 31 March 2024. She is an executive director of corporate services division of Tricor Services Limited. She holds an Honours Bachelor Degree in Accountancy and is a Chartered Secretary and a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

Corporate Governance Report

The Board recognizes the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of shareholders. The Board and senior management of the Company recognized their responsibility to maintain the interest of the shareholders and to enhance their value. The Board also believes a deliberate policy of corporate governance can facilitate a company in rapid growth under a healthy governance structure and strengthen the confidence of shareholders and investors.

DIRECTORS' RESPONSIBILITIES

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses, for discharging their duties to the Company. All Directors are entitled to have access to Board papers and related materials in a form and quality sufficient to enable the Board to make informed decisions. Directors' queries are responded in timely and comprehensive manner.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company.

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.

CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholders' wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit. Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

– satisfactory and sustainable returns to Shareholders;

– that the interests of those who deal with the Company are safeguarded;

– that overall business risk is understood and managed appropriately;

– the delivery of high-quality products and services to the satisfaction of customers; and

– that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board is responsible for establishing a sound corporate governance framework and procedures and has adopted the CG Code as its corporate governance code of practices.

During the year, the Board had performed, without limitation to, the following:

(a) formulation and review of the Company's policies and practices on corporate governance;

(b) review of the training and continuous professional development of Directors and senior management;

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

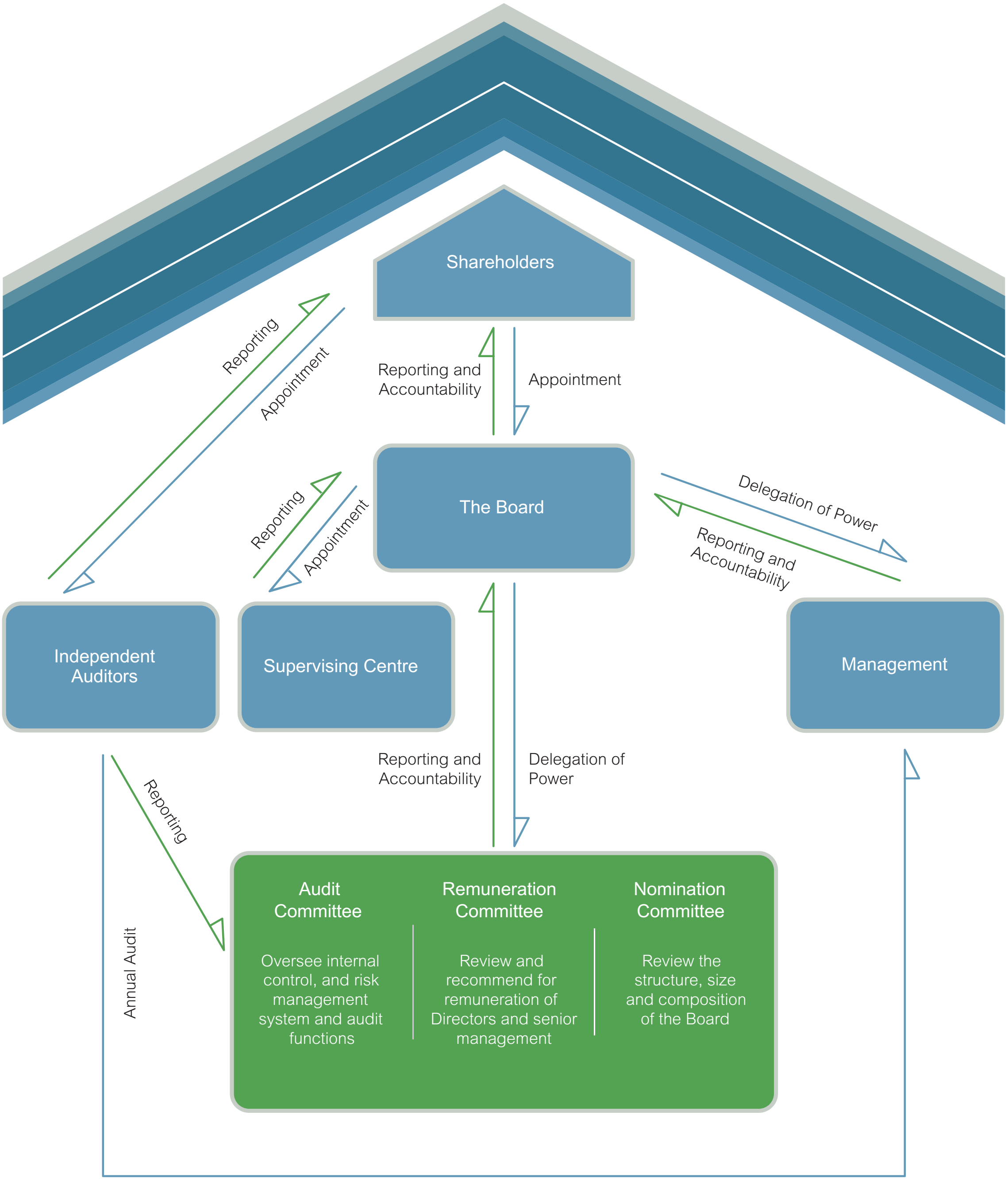
(d) formulation, review and monitor of the code of conduct and compliance applicable to employees and Directors; and

(e) review of the Company's compliance with the CG Code and disclosure in this report.

(f) conducted an evaluation of its performance.

For the year ended 31 December 2024, the Company has complied with all the code provisions of the CG Code.

CORPORATE GOVERNANCE STRUCTURE



THE BOARD

As at 31 December 2024, the Board comprised two executive Directors namely Mr. Chen Zhi Bin and Mr. Cheng Siu Fai, three non-executive Directors namely Mr. Mohamed Obaid Ghulam Badakkan Alobeidli, Mr. Guo Zi Wen and Ms. Shi Li Li, and three independent non-executive Directors, namely Mr. Cheung Kwok Keung, Mr. Lee Thomas Kang Bor and Mr. Wong Wai Keung Frederick. There is no relationship among members of the Board. The Board possesses a balance of skills and experience appropriate for the requirements of the Company's business. The Directors possess management, finance and accounting professional qualifications with extensive experience in diversified business. Please refer to the section headed "Biographical Details of Directors" for details.

The Board is responsible to the Shareholders for providing effective leadership, and ensuring transparency and accountability of the Group's operations. It sets the Company's values and aims at enhancing shareholders' value. It formulates the Group's overall strategy and policies and sets corporate and management targets, key operational initiatives as well as policies on risk management pursuant to the Group's strategic objectives. The Board has been provided explanation and information and monthly updates from the management to make informed assessment.

The Board is scheduled to meet at least four times a year to determine the overall strategic direction and objectives, approve interim and annual results, and discuss other significant matters on the businesses and operations of the Group. During the year ended 31 December 2024, a total of 8 Board meetings were held. Details of the Directors' attendance at the Board meetings are set out under "Directors'/Committee Members' Attendance at Meetings" below.

Chairman

The position of the Chairman of the Board was held by Mr. Guo Zi Wen before his resignation on 20 September 2024. Subsequently, Mr. Mohamed Obaid Ghulam Badakkan Alobeidli has been appointed the Chairman of the Board since 20 September 2024.

Mr. Mohamed Obaid Ghulam Badakkan Alobeidli is the Chairman of the Board and also is non-executive Director. The Chairman of the Board has to set clear expectations concerning the style and tone of Board discussions, ensuring the Board has effective decision-making processes. The chairman should ensure all directors are aware of their responsibilities, and hold periodic meetings with the NEDs and INEDs to facilitate a full and frank airing of views.

The Chairman of the Board encourages open and active discussions. Directors may speak freely at Board meetings and actively participate in the discussions of significant decision-makings of the Company, allowing INEDs and the non-executive Directors to make positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments.

Chief Executive Officer

The Company does not at present have any officer with the title "chief executive officer". The functions of chief executive officer were performed by the executive Directors. The Board considered that this structure would not impair the balance of power and authority between the Board and the management of the Company, and had been effective in discharging its responsibilities satisfactorily and facilitating the Company's operation and business development.

Non-executive Directors

Each of the non-executive Director and the INEDs has been appointed for a term of one year, subject to the provision of retirement and rotation of Directors under the Articles of Association.

Independent Non-executive Directors

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed three INEDs. The Company has received confirmations of independence pursuant to Rule 3.13 of the Listing Rules from each of the INEDs and considers them to be independent.

As at the date of this annual report, Mr. Cheung Kwok Keung has served the Board for more than nine years. Notwithstanding his length of tenure, in view of his professionalism, extensive business experience and familiarity with the Company's affairs, the Board is of the opinion that he possesses the required character, integrity and experience to ensure his independence in order to objectively scrutinise the Company's performance.

The Chairman of the Board places great emphasis on the communication with INEDs and meets INEDs at least once a year in the absence of the executive Directors to discuss about the Company's development strategies, corporate governance, and operation management. During the year ended 31 December 2024, the Chairman of the Board held a meeting with all INEDs without the presence of the executive Directors.

Directors'/Committee Members' Attendance at Meetings

	Meeting Attended/Held During the Year Ended 31 December 2024					
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**	**Extraordinary General Meeting**
Executive Directors						
Mr. Chen Zhi Bin	8/8				1/1	2/2
Mr. Cheng Siu Fai *(appointed on 27 May 2024)*	4/4			2/2	1/1	1/1
Mr. Tan Yi *(resigned on 27 December 2024)*	8/8				1/1	2/2
Non-executive Director						
Mr. Mohamed Obaid Ghulam Badakkan Alobeidli *(appointed on 20 September 2024)*	1/1				0/0	0/0
Mr. Guo Zi Wen *(re-designated from executive Director on 20 September 2024)*	8/8			3/3	1/1	2/2
Ms. Shi Li Li *(appointed on 27 December 2024)*	0/0				0/0	0/0
Mr. Ma Jun *(resigned on 1 April 2024)*	1/2				0/0	1/1
Independent Non-executive Directors						
Mr. Cheung Kwok Keung	8/8	4/4	5/5	5/5	1/1	2/2
Mr. Lee Thomas Kang Bor	8/8	4/4	5/5	5/5	1/1	2/2
Mr. Wong Wai Keung Frederick	8/8	4/4	5/5	5/5	1/1	2/2

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director will receive a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors will be arranged and reading material on relevant topics will be provided to Directors where appropriate.

The Company has arranged and funded suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director. The Company Secretarial Department of the Company will provide relevant reading materials to the Directors to ensure that they are apprised of the latest changes in the commercial, legal and regulatory requirements in relation to the Company's businesses, and to refresh their knowledge and skills. In addition, all Directors are encouraged to attend external forum, or training course on relevant topics. During the year ended 31 December 2024, the Directors had provided their records of continuous professional development to the Company. The Board has reviewed and monitored the continuous professional development of the Directors.

The Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means:

(1) Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops; and

(2) Reading news/journal/magazine/other reading materials as regards real estate, legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

Records of the Directors' training during 2024 are as follows:

Members of the Board	**Training received**
Executive Directors	
Mr. Chen Zhi Bin	(1) & (2)
Mr. Cheng Siu Fai *(appointed on 27 May 2024)*	(1) & (2)
Mr. Tan Yi *(resigned on 27 December 2024)*	(1) & (2)
Non-executive Director	
Mr. Mohamed Obaid Ghulam Badakkan Alobeidli *(appointed on 20 September 2024)*	(1) & (2)
Mr. Guo Zi Wen *(re-designated from executive Director on 20 September 2024*	(1) & (2)
Ms. Shi Li Li *(appointed on 27 December 2024)*	(1) & (2)
Mr. Ma Jun *(resigned on 1 April 2024)*	(1) & (2)
Independent Non-executive Directors	
Mr. Cheung Kwok Keung	(1) & (2)
Mr. Lee Thomas Kang Bor	(1) & (2)
Mr. Wong Wai Keung Frederick	(1) & (2)

For the newly appointed executive Directors (i.e. Mr. Cheng Siu Fai, Mr. Mohamed Obaid Ghulam Badakkan Alobeidli, and Ms. Shi Li Li who were appointed during the year ended 31 December 2024), the Company has provided them with briefings and packages of orientation materials on the operations and businesses of the Group, together with information relating to the duties and responsibilities of directors under statutory regulations and the Listing Rules.

Mr. Cheng Siu Fai, Mr. Mohamed Obaid Ghulam Badakkan Alobeidli, and Ms. Shi Li Li have obtained from a law firm qualified to provide legal advice on Hong Kong law as regards the requirements under the Listing Rules that are applicable to them as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 23 April 2024, 19 September 2024 and 27 December 2024 respectively. They have each confirmed their understanding of their obligations as a director of the Company.

BOARD INDEPENDENCE EVALUATION

The Company has in place the following mechanisms to ensure that independent views and input are available to the Board. During the year ended 31 December 2024, the Board has reviewed these mechanisms and considered that these mechanisms remain effective in maintaining a strong independent element on the Board.

- The Board has three INEDs and at least one-third of its members are being INEDs.
- The Nomination Committee will assess the independence of the INEDs on an annual basis by reference to the independence criteria set out in the Listing Rules.
- Directors may seek independent professional advice on issues relating to the Group's business at the Company's expense.
- The Chairman of the Board from time to time holds meetings with the INEDs without the presence of other Directors.
- A Director who has a material interest in a contract, transaction or arrangement will abstain from voting on any Board resolutions approving the same.

BOARD COMMITTEES

(a) Audit Committee

During the year, the AC consists of three members with all INEDs, namely, Mr. Cheung Kwok Keung (as chairman), Mr. Lee Thomas Kang Bor and Mr. Wong Wai Keung Frederick. Mr. Cheung Kwok Keung, the chairman of AC, has appropriate professional qualifications, accounting and related financial management expertise, with appropriate professional qualification as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the AC are mainly to make recommendations to the Board on the appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; and oversee financial reporting system, risk management and internal control procedures of the Company.

The terms of reference of the AC are in compliance with Rule 3.21 of the Listing Rules and the CG Code. For the year ended 31 December 2024, the AC held 4 meetings. Details of the committee members' attendance at the AC meetings are set out under "Directors'/Committee Members' Attendance at Meetings" above.

The summary of the work of the AC during the year ended 31 December 2024 is set out below:

- reviewed the announcement of annual results of the Group for the financial year ended 31 December 2023 before submission to the Board for adoption and publication;

- reviewed the announcement of interim results and interim report of the Group for the six months ended 30 June 2024 before submission to the Board for adoption and publication;

- met with the auditors to discuss the accounting and audit issues of the Group and reviewed their findings, recommendations and representations;

- reviewed the Group's internal control and risk management system; and

- reviewed the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programmes.

(b) Remuneration Committee

During the year, the RC consists of three members with all INEDs, namely, Mr. Lee Thomas Kang Bor (as chairman), Mr. Cheung Kwok Keung, and Mr. Wong Wai Keung Frederick.

The terms of reference of the RC are in compliance with Rule 3.25 of the Listing Rules and the CG Code. The primary duties of the Remuneration Committee are to make recommendations to the Chairman of the Board about their remuneration proposals for other executive Directors, make recommendation to the Board on the Company's remuneration policy and structure for all Directors' and senior management, assess performance of the executive Directors, make recommendation to the Board on the remuneration packages of individual Directors' and senior management and review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

For the year ended 31 December 2024, the RC held 5 meetings. Details of the committee members' attendance at the RC meetings are set out under "Directors'/Committee Members' Attendance at Meetings" above.

The summary of the work of the RC during the year ended 31 December 2024 is set out below:

- reviewed the existing policy and structure of the remuneration of management of the Group;

- made recommendations to the Board on the remuneration packages of the executive Directors and management of the Group; and

- assessed performance of the executive Directors.

The remuneration of the senior management (excluding the executive Directors), whose biographical details are included in sections headed "Biographical Details of Directors" and "Profile of Senior Management and Company Secretary" of this report, during the year falls within the band of RMB500,000-1,500,000.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of the executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors comprises basic salary, pensions and discretionary bonus. Executive Directors may receive options to be granted under the Company's share option scheme. The remuneration policy for the non-executive Director and the independent non-executive Directors is to ensure that the non-executive Director and the INEDs are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the non-executive Director and the INEDs mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. Non-executive Director and INEDs are not eligible to receive options to be granted under the Company's share option scheme. Individual Directors and senior management have not been involved in deciding their own remuneration.

(c) Nomination Committee

On 20 September 2024, Mr. Guo Zi Wen resigned as the chairman of the NC, while Mr. Wong Wai Keung Frederick was re-designated from being a member of the NC to the position of the chairman of the NC. Mr. Cheng Siu Fai was appointed as a member of the NC. As at 31 December 2024, the NC consists of four members with one executive Director, namely Mr. Cheng Siu Fai and three INEDs, namely, Mr. Wong Wai Keung Frederick (chairman), Mr. Cheung Kwok Keung and Mr. Lee Thomas Kang Bor.

The terms of reference of the NC are in compliance with the CG Code. The primary duties of the NC are to review the structure, size and composition of the Board and make recommendations to the Board regarding candidates to fill vacancies on the Board.

For the year ended 31 December 2024, the NC held 5 meetings. Details of the committee members' attendance are set out under "Directors'/Committee Members' Attendance at Meetings" above.

The summary of the work of the NC during the year ended 31 December 2024 is set out below:

- made recommendations to the Board on the re-election of Directors at the 2024 AGM;
- made recommendations to the Board on the new appointment of an executive Director and non-executive Director;
- assessed the independence of INEDs;
- reviewed the board diversity policy of the Company ("Board Diversity Policy"); and
- reviewed the structure, size and composition of the Board.

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

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

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

According to the Articles of Association, Directors shall be elected or replaced at the Shareholders' general meeting. At the expiry of a Director's term, the Director may stand for re-election and reappointment for further term. Subject to the compliance of the provisions of the relevant laws, the general meeting of the Shareholders may dismiss by ordinary resolution any Directors of whom the term of office has not expired (the claim for compensation under any contracts shall however be not affected).

The procedures for the appointment, re-election and removal of directors are set out in the Articles of Association. Every Director will be subject to retirement by rotation at least once every three years. The Nomination Committee will carefully considers the qualifications and experience of the director candidates and recommends them to the Board for consideration. After the Board passes the resolution in relation to the candidate, the Board will put forward the resolution to a general meeting for approval.

DIRECTOR NOMINATION POLICY

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the NC.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors, which aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Skills, experience and professional expertise – the candidate should possess the skills, knowledge, experience, qualification and professional expertise which are relevant to the operation of the Group.

- Diversity – the candidate should be considered with due regard to the diversity perspectives set out in the Board Diversity Policy.

- Commitment – the candidate should be able to devote sufficient time to attend the Board meetings and participate in induction, training and other relevant activities.

- Standing – the candidate must satisfy the Board and the Stock Exchange that he/she has the character, experience and integrity, and is able to demonstrate a standard of competence commensurate with the relevant position as a Director.

- Independence – the candidate to be nominated as an independent non-executive Director must satisfy the independence criteria set out in Rule 3.13 of the Listing Rules.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year 2024, there were some changes in the composition of the Board as below:

1. Mr. Ma Jun resigned as a non-executive Director, with effect from 1 April 2024.

2. Mr. Cheng Siu Fai was appointed as an executive Director, with effect from 27 May 2024.

3. Mr. Mohamed Obaid Ghulam Badakkan Alobeidli was appointed as a non-executive Director, with effect from 20 September 2024.

4. Mr. Guo Zi Wen has been re-designated from the position of executive Director to the position of non-executive Director, with effect from 20 September 2024.

5. Ms. Shi Li Li was appointed as a non-executive Director, with effect from 27 December 2024.

6. Mr. Tan Yi resigned as an executive Director, with effect from 27 December 2024.

Save as disclosed, there was no other change in the composition of the Board during 2024.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

BOARD DIVERSITY POLICY

The Board has adopted a Board Diversity Policy which sets out the approach to achieve diversity on the Board, based on a range of measurable objectives, including but not limited to gender, age, cultural and educational background, professional experience and qualifications, skills, knowledge and length of service, having due regard to the Company's own business model and specific needs from time to time.

All Board appointments will be made on meritocracy and candidates will be considered against objective criteria, with due regard for the benefits of the diversity on the Board. The Nomination Committee will discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption.

With the existing Board members coming from a variety of business and professional background, having a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the Company's business. Furthermore, the Board comprises Directors of a wide range of age, ranging from 39 years old to 71 years old. During the year ended 31 December 2024, the Board achieved gender diversity as it has appointed one female Director. Taking into account the existing business model and specific needs as well as the different backgrounds of the Directors, at present, the composition of our Board satisfies the Board Diversity Policy.

For the gender ratio in the workforce (including senior management), please refer to Environment, Social and Governance Report in this annual report.

GOING CONCERN AND MITIGATION MEASURES

In view of the matters described in the section headed "BASIS FOR DISCLAIMER OF OPINION – Multiple Uncertainties Related to Going Concern" in the "Independent Auditor's Report" on pages 93 to 95 of this annual report, the Company's independent auditor, SHINEWING (HK) CPA Limited (the "Auditor"), did not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2024.

The Directors have carefully considered the Group's cash flow projections covering a period of not less than twelve months from 31 December 2024 and have given due consideration to the matters that give rise to material uncertainty as to its ability to continue as a going concern, and accordingly, have proactively come up with measures to improve the liquidity position, details of which are set out in note 2 to the consolidated financial statements as contained in this report. Regarding the plans and measures adopted by the Company in the year ended 31 December 2024, the Group has achieved the following: (i) entered into contractual arrangements with certain onshore lenders to extend the maturity of existing onshore borrowings of approximately RMB9,395 million; (ii) disposed of certain offshore and onshore assets including but not limited to certain share interests in Ontario Aoyuan Property Limited and the share interests in Starjoy Wellness and Travel Company Limited (stock code: 03662); (iii) recorded property contracted sales of approximately RMB10.55 billion; (iv) controlled costs and reduced the total administrative expenses of the Group by 53.7% from approximately RMB2,059 million in the year ended 31 December 2023 to approximately RMB954 million in the year ended 31 December 2024; and (v) settled certain outstanding litigation cases. In the Directors' opinion, in view of such plans and measures, as well as the successful implementation of the China Aoyuan Schemes and the Add Hero Schemes which is a testament to the effectiveness of the Group's plan to address its liquidity issues and also a positive message to investors and creditors, the Group will be able to optimize resources to revitalize the construction and sales of its properties and meet its financial obligations as and when they fall due. Accordingly, the Directors consider that the preparation of the consolidated financial statements as at 31 December 2024 on a going concern basis is appropriate.

The Board has discussed the going concern issue with the Group's management and is satisfied that with the orderly implementation of the plans and measures, it is appropriate to prepare the consolidated financial statements on a going concern basis.

The Audit Committee has discussed with the Board and the Group's management regarding the going concern issue. With the orderly implementation of the plans and measures, the Audit Committee agreed with the position taken by the Group's management and the Board regarding the accounting treatment adopted by the Company.

The Audit Committee has also discussed and understood the concerns of the Auditor that uncertainties exist as to whether the Group's management will be able to attain the plans and measures. There is no disagreement by the Board, the Group's management and the Audit Committee with the position taken by the Auditor regarding the going concern issue.

Further details on the material uncertainties relating to the Group's going concern and their mitigation measures are set out in note 2 to the consolidated financial statements of the Group.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The AC assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions.

All divisions conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division.

The management, in coordination with division heads, assessed the likelihood of risk occurrence, provided treatment plans, and monitored the risk management progress, and reported to the AC and the Board on all findings and the effectiveness of the systems.

The management has reported to the Board and the AC on the effectiveness of the risk management and internal control systems for the year ended 31 December 2024.

The Internal Audit Department of the Company is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department of the Company will examine key issues in relation to the accounting practices and all material controls and provide its findings and recommendations for improvement to the AC.

The Board, as supported by the AC as well as the management report and the internal audit findings from an independent professional internal control firm, conducted an annual review of the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2024, and considered that such systems are effective and adequate. The annual review also covered the financial reporting, internal audit function, and staff qualifications, experiences and relevant resources.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Group for the year ended 31 December 2024 and confirm that the financial statements contained herein give a true and fair view of the results and state of affairs of the Group for the year under review. The Directors consider that the financial statements have been prepared in conformity with the statutory requirements and the applicable accounting standards.

Auditor's Remuneration

An analysis of the remuneration paid/payable to the external auditor, SHINEWING (HK) CPA Limited, in respect of audit services and non-audit services for the year ended 31 December 2024 is set out below:

	RMB'000
Audit services	4,000 *
Non-audit services	
– Others	264

* Additional RMB4,000,000 payable to a member firm for audit services in relation to a subsidiary of the Company registered in the PRC

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code (the "Model Code") for Securities Transactions by Directors of Listed Companies as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding directors' dealings in the securities of the Company. The Model Code is sent to each Director on his appointment and from time to time which is amended or restated.

Upon specific enquiry by the company secretary of the Company, all Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2024.

COMPANY SECRETARY

Ms. Wong Mei Shan ("Ms. Wong") is the company secretary of the Company. Ms. Wong is a full time employee of the Company. For the year ended 31 December 2024, Ms. Wong has received not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules. Ms. Lee Mei Yi resigned as the joint company secretary of the Company with effect from 31 March 2024.

SHAREHOLDERS' RIGHTS

The Company recognizes the importance of, and takes high priority, on communication with its shareholders. Certain key information on shareholders' rights is provided below:

1. Communication with Shareholders

The general meetings provide a channel for communication between the Board and the Shareholders. The Group makes great efforts to enhance the communication with Shareholders. The Shareholders can visit the website of the Company (www.aoyuan.com.cn) for updated information of the Group and press releases are also posted on the Company's website in a timely manner. Notice of the annual general meeting together with the meeting materials will be despatched to all shareholders at least 21 clear days before the annual general meeting.

2. Procedures to convene and put forward proposals at extraordinary general meeting

Shareholders may request the Company to convene a general meeting according to the provision as set out in the Articles of Association and the Cayman Companies Act. A copy of the Articles of Association can be found on the Company's website.

Pursuant to Article 58 of the Articles of Association, the Board may, whenever it thinks fit, call extraordinary general meetings. Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself/herself (themselves) may convene a physical meeting at only one location which will be the Principal Meeting Place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board (as defined in the Articles of Association) shall be reimbursed to the requisitionist(s) by the Company.

3. Procedures for Shareholders to Propose a Person for Election as a Director of the Company

The Company also adopted a set of procedures for putting forward proposals by the Shareholders at general meetings.

According to the provisions of the Articles of Association, the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director.

If a Shareholder wishes to propose a person other than a Director for election as a Director at a general meeting, he/she can deposit a written notice at the principal place of business of the Company in Hong Kong for the attention of the Board and Company Secretary. The period for lodgment of such written notice shall commence on the day after the despatch of the notice of general meeting and end no later than 7 days prior to the date of such general meeting.

To facilitate the Company to inform Shareholders of that proposal, the written notice must state the full name of the person proposed for election as a Director, including the person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the Shareholder concerned and that person indicating his/her willingness to be elected.

In order to allow the Shareholders have sufficient time to receive and consider the proposal of election of the proposed person as a Director, Shareholders are encouraged to submit and lodge the written notice as early as practicable.

The procedures for Shareholders to nominate a person for election as a Director is available on the Company's website with title "Procedures for Shareholders to Propose a Person for Election as a Director of the Company".

4. Procedures to send enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong at Units 03 & P05, 15/F, One Kowloon, No. 1 Wang Yuen Street, Kowloon Bay, Kowloon, Hong Kong by post for the attention of the Company Secretary.

INVESTOR RELATIONS

The Company's website (www.aoyuan.com.cn) provides comprehensive and understandable news and information of the Company to the Shareholders, other stakeholders and investors. The Company will also update the website information from time to time to inform Shareholders and investors of the latest development of the Company.

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will facilitate Shareholders and investors to make the best investment decisions. To achieve this, the Company maintains a website at http://www.aoyuan.com.cn, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are posted.

During the year ended 31 December 2024, the Board has reviewed the shareholders' communication policy and opined that the shareholders' communication policy and its implementation are effective.

The general meetings of the Company also provide good opportunity for exchange of views between the Board and the Shareholders. The Chairman of the Board as well as the chairmen of the NC, RC and AC or, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available to answer questions at Shareholders' meetings.

The Board believes effective investor relations can contribute towards, improving market liquidity for the Company's stock and building a more stable Shareholder base. Therefore, the Company is committed to maintaining a high level of corporate transparency and following a policy of disclosing information to Shareholders, investors, analysts and bankers. Keeping the Shareholders aware of our corporate strategies and business operations is one of the key missions of our investor relations team.

CONSTITUTIONAL DOCUMENT

There was no change in the Company's constitutional documents during the year ended 31 December 2024.

DIVIDEND POLICY

The Board has adopted a Dividend Policy in compliance with code provision F.1.1 of the CG Code:

Pursuant to the Dividend Policy, the Company does not have any pre-determined dividend payout ratio. The declaration, payment and amount of dividends are subject to the discretion of the Board having regard to the following factors:

(1) the Group's actual and expected financial performance;

(2) the Group's expected working capital requirements, capital expenditure requirements and future development plans;

(3) retained profits and distributable reserves of the Company and each of the other members of the Group;

(4) the Group's liquidity position;

(5) the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group;

(6) the contractual restrictions on the payment of dividends by the Company to its Shareholders, if any;

(7) the statutory and regulatory restrictions on the payment of dividends by the Company; and

(8) any other factors the Board may consider relevant.

The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.

The declaration and payment of dividend by the Company is also subject to any restrictions under the Cayman Companies Act, any applicable laws, rules and regulations and the Articles of Association. The declaration and payment of future dividend under the Dividend Policy are subject to the Board's determination that the same would be in the best interests of the Group and the Shareholders as a whole. The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

Environmental, Social and Governance Report

1. ABOUT THIS REPORT

1.1 Reporting Standards

China Aoyuan Group Limited and its subsidiaries are pleased to present the Environmental, Social and Governance ("ESG") Report (the "ESG Report"), which outlines the efforts and achievements of the Group in environmental and social aspects over the past year.

The ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide", which has been renamed as the "Environment, Social and Governance Reporting Code" since 1 January 2025) in Appendix C2 to the Listing Rules issued by the Stock Exchange. The Group has complied with the mandatory disclosure requirements and the "comply or explain" provisions set out in the ESG Guide and adhered to the reporting principles of materiality, quantitativeness, balance and consistency.

1.2 Scope of Reporting

The Report mainly discloses the ESG performance of business related to property development and property investment in Mainland China, which are considered to have primary impact on the social and environmental aspect by the Group, from 1 January 2024 to 31 December 2024 (the "Financial Year 2024", "FY 2024", the "Reporting Period" or the "Year"). Unless otherwise specified, the scope of the ESG Report is consistent with that of the ESG report for the Financial Year 2023 ("FY 2023"), including policies and management practices on major ESG issues related to property development and property investment.

The environmental data disclosed in this report include only the direct emission and consumption data generated from offices and sales centres during the operation of relevant businesses of property development and investment (the "Operating Business") of the Group, and does not include the environmental data generated from third parties of the Group, such as contractors, tenants and customers. The data on human resource, occupational health and safety and training disclosed in this report include data of all businesses of the Group as a whole.

1.3 Principles of ESG Reporting

In preparing the ESG Report, the Group has paid attention to the principles of materiality, quantitativeness, consistency and balance, and has applied such reporting principles as set out in the ESG Reporting Guide above in the following manners:

Materiality

The content of the ESG Report is determined on the basis of stakeholder engagement and materiality assessment process which includes identifying ESG-related issues, collecting and reviewing comments and suggestions from management and stakeholders, assessing the relevance and materiality of different issues, and preparing and validating the reported content. The ESG Report covers the key issues which concern different stakeholders.

Quantitativeness

The disclosure of quantified environmental and social KPIs in the ESG Report provides stakeholders with a comprehensive understanding of the Group's ESG performance. Information on the standards, methods, references and data resources for these KPIs are set out where appropriate.

Consistency

To facilitate comparison of the ESG Report of different years, the Group has adopted a consistent reporting format and calculation method as far as reasonably practicable. Any changes to the methodology have also been presented and explained in detail in the corresponding section.

Balance

The relevant data of the Group and contents of its reports are disclosed in an objective and balanced manner.

1.4 Opinions and Feedbacks

For details on the environmental, social and corporate governance of the Group, please refer to the official website of China Aoyuan Group Limited (https://aoyuan.com.cn). For any questions or suggestions regarding this report, please feel free to contact us via email: ir@aoyuan.net.

2. ABOUT THE COMPANY

China Aoyuan Group Limited ("China Aoyuan" or the "Company"), together with its subsidiaries (the "Group", "we" or "us"), is a developer and operator of composite real estate in China. By practicing the philosophy of humility and pragmatism, we are committed to creating a high-quality living environment. In addition, to implement our brand concept, we are also engaged in the health-themed related industries to promote a healthy lifestyle in the city. With all these efforts, we are able to provide our property owners with harmonious and beautiful living experiences and cultural values. The Group also fulfils its corporate social responsibility by actively giving back to the community and contributing in areas such as education, poverty alleviation and community support. Looking ahead, China Aoyuan Group continues to move forward in a practical and collaborative manner, and to promote the Group's high-quality, sustainable, and steady development.

3. BOARD STATEMENT

With the brand philosophy of "Building a Healthy Lifestyle", the Group is committed to creating a harmonious and beautiful living experience and cultural value for our customers.

The Group is committed to enhancing its corporate management to raise the standardisation in various areas such as project operation, sales management, procurement and safety management, enhancing overall operational efficiency. The Group has also stepped up its monitoring and auditing efforts to build up a working culture of integrity and a positive and healthy working style. Moreover, the Group actively improves and promotes its corporate culture to form common values and objectives in the enterprise. We have improved the incentive and appraisal mechanisms to create an environment encouraging staff to demonstrate their talents.

The Group is fully aware of the importance of environmental management and has integrated the concept of environmental protection into all aspects of its business. Through the implementation of a series of environmental protection measures, the Group has continued to make new progress in green construction and green operation. The Group actively fulfils its social responsibilities, promoting community co-prosperity and synergy.

Looking ahead, the Group will actively embrace the new situation and seize the opportunities of the times. We will uphold the working style of being low-profile, pragmatic and rational, and strive to contribute superior real estate products and services, and make unremitting efforts to achieve sustainable development.

4. SUSTAINABILITY MANAGEMENT

4.1 Statement of the Board

The Board is the highest governance body overseeing the sustainable development of the Group. It is responsible for overseeing the strategic orientation of the Group's sustainable development and the achievement of sustainability-related objectives, and integrating the concept of sustainability management into the governance structure. The Board monitors the significant risks and opportunities associated with ESG. If there are significant risks in the course of business operation, the Board will take timely actions to alleviate a negative impact on the Group's operation, profit and revenue. The Audit Committee under the Board is responsible for overseeing the management and the ESG Working Group, regularly assesses the overall risk of the Group and formulates plans to reduce the risk to an acceptable level. The Group believes that ESG risks have gradually become an important factor in its business and has taken the approach to incorporate ESG risks into its routine risk management process as a means to enhance its overall risk evaluation, prioritization, and control capabilities.

The Board understands that the establishment of ESG targets aids in the Group's ESG governance. Therefore, the Board sets ESG targets related to the Group's business where appropriate, and reviews progress made toward improving the Group's ESG performance by keeping track of the ESG key performance indicators ("KPIs") on a regular basis, in the environmental and social aspects, which are vital and closely related to the business of the Group. To strengthen our ESG management, we engaged external consultants to provide specialized ESG training to the Board during the Reporting Period.

4.2 ESG Governance Structure

The Group's ESG Working Group is led by members of the Board and comprises heads of functional departments. Its main responsibilities are to:

- Keep abreast of the latest developments and regulations on corporate governance and ensure that the Group fully complies with the requirements of regulatory authorities
- Report regularly to the Board on sustainability-related issues and the governance plans of the entity
- Ensure integration of the structure and system of the Group with sustainable development strategies
- Ensure a clear and accurate disclosure of the performance of and investment in sustainable development of the Group
- Organize targeted ESG training for staff and integrate a sense of sustainability into corporate culture

4.3 Stakeholder Engagement and Materiality Assessment

Stakeholder engagement is of great importance to the sustainable development of the Group. In order to understand and meet the opinions and expectations of stakeholders regarding the Group within the ESG context, the Group actively maintains good communication with all internal and external stakeholders. Effective communication with stakeholders also provides the Group with insight into existing risks and potential opportunities. The Group has categorized its key stakeholders into the following eight groups, covering all key stakeholders who are affected by or have a significant impact on the operations of the Group. The communication channels of the Group with each category of stakeholders are set out in the following table:

China Aoyuan Stakeholder Communication List

Stakeholders	Expectations and requirements	Communication channel and response
Government and regulators	• Comply with national policies, laws and regulations • Promote local economic development • Bolster local employment • Pay taxes on time	• Report regularly • Communicate with regulators regularly • Inspection and supervision • Case reporting
Shareholders	• Revenue and return • Compliant operation • Enhance corporate value • Clear information flow and effective communication	• General meeting • Company announcement • E-mail, telephone and company website • Case reporting
Business partners	• Integrity operation • Fair competition • Perform according to the law • Mutual benefit	• Business communication • Negotiation for cooperation • Review and evaluation meeting • Exchanges and seminars
Customers	• Quality products and services • Health and safety • Perform according to the law • Integrity operation	• Customer communication meeting • Customer service centre and hotline • Customer opinion survey • Social media platforms
Environment	• Comply with emission standards • Energy conservation and emission reduction • Ecological protection	• Communicate with local environment authorities • Communicate with local residents • Report submission
Industry	• Industry standard formulation • Promote industry development	• Exchanges and visits • Participate in industry forums
Employees	• Rights and interests protection • Occupational health and safety • Compensation and benefits • Career development • Humanistic caring	• Staff communication meeting • Internal newsletter and Intranet • Employee mailbox • Training and workshops • Staff activities
Community and the public	• Transparency • Improved community environment • Engage in public welfare	• Company website • Company announcement • Media interviews

Issues of which stakeholders are concerned are constantly changing according to changes in the market and the environmental conditions. In this regard, based on market trends, opinions gathered via stakeholder communication, and internal review made by the Board, we have updated and identified material ESG issues which have a direct impact on the Group's operations on an annual basis. The Group also engages a third- party ESG consultant to conduct a materiality assessment of the Group in order to understand the expectations of each stakeholder category on the Group and to develop a more market-appropriate operating strategy.

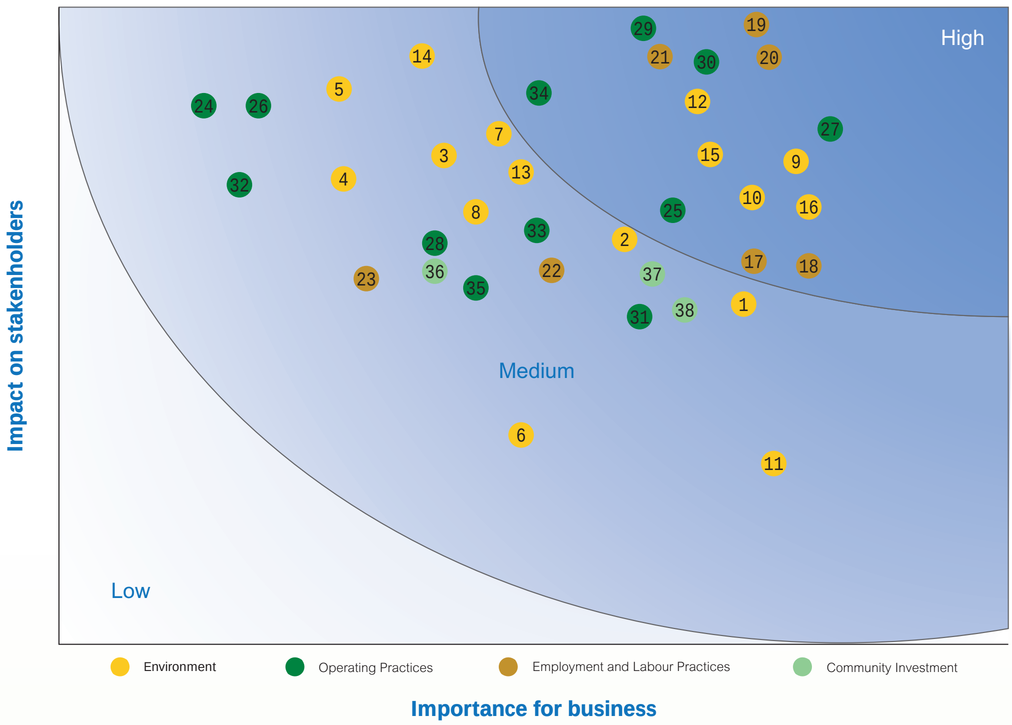
In order to identify material and relevant ESG issues in business operation, the Group conducted a materiality assessment. The Group, through questionnaires, gather insights from internal stakeholders, external stakeholders and the Group management the issues which they consider relevant and important to stakeholders and the Group's operations. The materiality assessment was completed by combining the questionnaire results and materiality maps[1] provided by renowned external organizations. The assessment results are also used by the Board as a reference to enhance the effectiveness of management and measures within the Group. In summary, materiality assessment and issues are developed through a 3-step process as follows:

Note:

1. The materiality assessment references the Environmental, Social and Governance Sector Materiality Map prepared by Morgan Stanley Capital International (MSCI) and the Sustainability Accounting Standards Board (SASB) Foundation respectively.

4.4 Materiality Matrix and Corresponding Issues

Based on the results above, the issues of concern to stakeholders of the Group for the Reporting Period are set out as follows:



Environment	Employment and Labour Practices	Operating Practices	Community Investment
1 Environmental Compliance	17 Employment Compliance	24 Operational Compliance	36 Charity
2 Air Pollutant Management	18 Employees' Remuneration and Benefits	25 Managing Environmental Risks of Supply Chain	37 Promotion of Community Development
3 Fleet Emissions Management	19 Employees' Working Hours and Rest Period	26 Managing Social Risks of Supply Chain	38 Poverty Alleviation
4 Wastewater Management	20 Diversity and Equal Opportunity	27 Procurement Practices	
5 Greenhouse Gas Emission	21 Occupational Health and Safety	28 Quality Management	
6 Waste Management	22 Training and Education	29 Customer Health and Safety	
7 Energy Consumption	23 Prevention of Child Labour and Forced Labour	30 Responsible Sales and Marketing	
8 Use of Water Resources		31 Customer Service Management	
9 Green Energy Project		32 Research and Development	
10 Use of Raw Materials and Packaging Materials		33 Information Security	
11 Ecological Protection		34 Customer Privacy Protection	
12 Responding to Climate Change		35 Anti-corruption	
13 Prevention and Handling of Environmental Incidents			
14 Green Office			
15 Green Building			
16 Land Contamination Management			

During the Year, the Group identified 15 key ESG-related issues together with ESG consultants, which will be discussed in detail in each chapter of this report.

	Key issues	Corresponding sections
Environment	9. Green Energy Project	Environmental Protection Energy Usage and Emissions
	10. Use of Raw Materials and Packaging Materials	Energy Usage and Emissions
	12. Responding to Climate Change	Environmental Protection Energy Usage and Emissions
	15. Green Building	Environmental Protection
	16 Land Contamination Management	Environmental Protection Energy Usage and Emissions
Employment and Labour Practices	17. Employment Compliance	Employment and Labour Practices
	18. Employees' Remuneration and Benefits	Employment and Labour Practices
	19. Employees' Working Hours and Rest Period	Employment and Labour Practices
	20. Diversity and Equal Opportunity	Employment and Labour Practices
	21. Occupational Health and Safety	Health and Safety
Operating Practices	25. Managing Environmental Risks of Supply Chain	Supply Chain Management
	27. Procurement Practices	Supply Chain Management
	29. Customer Health and Safety	Real Estate Project Quality and Advertising
	30. Responsible Sales and Marketing	Real Estate Project Quality and Advertising Customer Services
	34. Customer Privacy Protection	Intellectual Property and Personal Information Protection

CORPORATE GOVERNANCE

5. ANTI-CORRUPTION

5.1 Independent Audit and Supervision Centre

The Group will strictly comply with relevant laws and regulations, make notices regarding integrity and establish a joint anti-corruption mechanism to enhance the integrity awareness of its staff. The Audit and Supervision Centre of the Group has organized regular exchange sessions, training and seminars on anti-corruption among various departments, and communicated with different enforcement agencies.

5.2 All-round Integrity System

With the working style of being low-profile, pragmatic and rational, the Group actively promotes the culture of integrity. The Group adheres to:

- Strictly following the Listing Rules of the Main Board of Hong Kong Stock Exchange and local laws and regulations, to ensure the Group's operation is compliant with laws and with integrity
- Attaching importance to the integration of internal integrity mechanism building into operations and strictly enforcing the "Rule on the Supervision Work of China Aoyuan Group"* (《中國奧園集團監察工作條例》)
- Strengthening integrity building, setting up correspondence channels and defining the duties of each function and its approval authority
- Fulfilling the responsibility under "integrity indicators", such as setting up and executing the guidelines on gift registration and reporting
- Enhancing the integrity awareness of the staff through training, and issuing integrity tips with various topics from time to time
- Requiring new employees to sign a commitment letter on integrity and self-discipline, and carry out integrity review on the performance appraisal. Employees are expected to uphold professional ethics, enabling them to align their personal values with the principles of integrity.
- Establishing supplier relationships with integrity and transparency. Integrity clauses and whistleblowing channels are included in the supplier contract. Electronic procurement procedures are adopted to prevent commercial bribery
- Actively establishing a joint mechanism to prevent commercial crimes, while jointly promoting integrity culture with the stakeholders, including property owners, suppliers and business partners

5.3 "Three lines of defense" on Anti-corruption

The Audit and Supervision Centre is determined to implement the decision and deployment of the Board, firmly lays equal stress on prevention and combat.

1) The Audit and Supervision Centre proposes to the Board based on the clues from the databases of industry associations such as the Trust and Integrity Enterprise Alliance, the Enterprise Anti-Fraud Alliance and the Greater Bay Area Enterprise Monitoring Alliance and internal investigation. Employees at deputy manager level or above, of the Group and regional companies are required to conduct regular integrity review and at the time of induction and promotion.

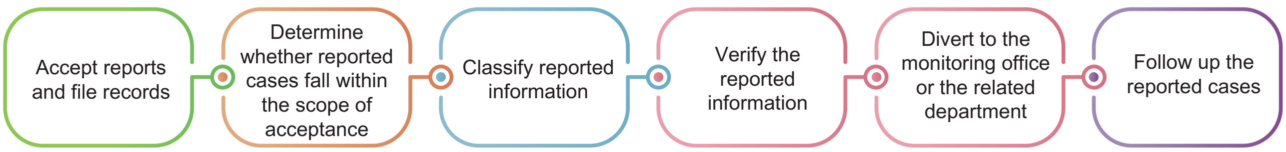
2) The Audit and Supervision Centre promote the materiality of integrity through intranet, internal newsletters and other channels to the Headquarter, regional companies and project companies.

3) The Headquarter and regional and project companies displayed a sample integrity notice in a prominent position. Employees in sensitive positions are required to include reporting channels of the Audit and Supervision Centre on their business cards. The Centre conducts reviews on management suggestions for cases, and monitors the implementation of corrective measures.

* The English name is for identification only.

5.4 Whistle-blowing Policies

The Group establishes various whistle-blowing channels, including a telephone hotline, a mailbox and a postal address, which are published on the Group's official website, to ensure smooth supervision and encourage the real-name whistle-blowing, while strictly keeping the information of the whistle-blower confidential. For anonymous reports, the whistle-blower is required to provide clear clues or evidence which can be verified. Upon receipt of an anonymous report without clear clues and evidence, the Audit and Supervision Centre may reject the report if, after communicating with the whistle-blower by mail or phone call, the whistle-blower fails to reply within the prescribed time or refuses to provide relevant information on the whistle-blowing matter.



Whistle-blowing flow chart

5.5 Integrity Education for All

The Group is committed to promoting integrity education for all staff to enhance their awareness. The Company Secretary sends latest corruption prevention information issued by the Hong Kong Independent Commission Against Corruption to the Board members to strengthen the Board's integrity awareness, and provide practical advice and plan to the Board members to implement effective anti-corruption measures at both individual and corporate levels. The Audit and Supervision Centre is responsible for coordinating the establishment of the Group-wide integrity education system.

During the Year, the Group was not embroiled in any corruption proceedings, and no significant matters in violation of any laws and regulations relating to bribery, extortion, fraud and money laundering were identified.

SERVICE RESPONSIBILITY

6. REAL ESTATE PROJECT QUALITY AND ADVERTISING

The Group has continually improved the quality of projects from design to engineering, marketing and after-sales services in order to enhance the Group‘s operational efficiency and customer satisfaction. The Group has also set project inspection systems and quality inspection standards based on the best quality standards of national and international projects, which are regularly updated and communicated to relevant staff. We also require suppliers to comply with such standards and include the standards in the contracts when negotiating such contracts. To enhance the quality of projects, the Group‘s Operations Management Centre has published a number of project management protocols, including the Standard and Prohibited Project Practices of China Aoyuan Group* (《奧園集團工程標準做法及禁止做法》) and the Standard for Leakage Prevention Practices* (《防滲漏做法標準》). An internal organization is set up to conduct regular inspections in accordance with these protocols. To further strengthen project quality control and effectively enhance the Group‘s product competitiveness, the Group has also formulated the “Aoyuan Group Quality Control and Management Incentive Measures”* (《奧園集團品控質量管理獎勵辦法》) to encourage regional entities to strengthen their product quality control and management practices.

All projects are executed in strict compliance with national legal requirements and undergo inspection and approval by relevant governmental authorities to ensure full adherence to regulatory standards. The Group issued the Product Delivery Practice Guidelines of China Aoyuan Group* (《奧園集團產品交付作業指引》), the Practice Guidelines on Sub-tenant Inspection of Housing of China Aoyuan Group* (《奧園集團房屋分戶驗收作業指引》) and the Joint Assessment Management Measures for Delivery Areas of China Aoyuan Group* (《奧園集團交付區聯合評審管理辦法》) to regulate the property delivery process. If there are any problems, the Group will follow up in a timely manner in accordance with the Guidelines for the Management of Defects in Products and Services of China Aoyuan Group* (《奧園集團產品和服務缺陷管理指引》).

In terms of marketing, the Group has established relevant systems for sales, pricing and positioning, and adhered to the Group‘s principle of integrity, which prohibits any misrepresentation in sales advertisements and sales brochures that would mislead consumers.

3+1 Quality Control System

The Group has formulated a 3+1 quality control system. The core systems cover safety management, standards for leakage prevention practices and guidelines for project planning. The Group has also established a key point inspection and verification system to verify and check the three major objectives for quality control, namely safety, quality and project progress. As a result, the Group achieved a steady improvement in the quality of its real estate projects.

The Group was not aware of any material breaches of laws and regulations related to advertising and labeling for the Financial Year 2024. In addition, stringent quality controls and regular training ensure the safety of our products and services, there were no products sold subject to recall for safety and health reasons during the Reporting Period.

* The English name is for identification only.

7. CUSTOMER SERVICES

China Aoyuan has always made customer relationship management an important direction in the building of its core competitiveness. We have analysed the current customer service management and restructured the customer service structure, upgraded the existing customer service centre and upgraded the service management system with a view to raising the standards of customer service to an industry-leading level. In the Financial Year 2024, the Group was not aware of any material breaches of laws and regulations relating to the quality of products and services.

7.1 Customer Service System

A well-established customer service organisation is the foundation of quality customer service. To this end, the Customer Service Centre has set up service teams for projects, so as to provide customers with services that are in close proximity and easily accessible. In the meantime, the Customer Service Centre also provides regular training for the service team to enhance the professional image and competence of the staff and improve the quality of customer service.

7.2 Handling Customer Complaints

During the Financial Year 2024, the Group received a total of 6,656 (2023: 9,397) service complaints, of which 3,079 (2023: 5,810) were property development-related, 3,577 (2023: 3,510) were property management-related, and none (2023: 77) was shopping mall management-related. The Group established the Customer Service Management System of China Aoyuan Group*(《奧園集團客戶服務管理制度》), the Guidelines on Handling Customer Relationship Crises of China Aoyuan Group*(《奧園集團客戶關係類危機事件處理指引》) and the Customer Complaint Management System of China Aoyuan Group*(《奧園集團客戶投訴管理制度》) to regulate the implementation and execution of the general customer service process, as well as the response, notification and management of customer relationship crises. The Group's Customer Service Centre is responsible for the overall coordination of the Group's customer service operations, improving the efficiency and quality of complaint handling, and avoiding escalation of complaints and deepening of losses, so as to safeguard the Company's brand image and enhance customer satisfaction.

China Aoyuan attaches great importance to customer feedback and complaint handling. The Group has set up the Complaint Handling System of the 400 Customer Service Hotline*(《400客服熱線投訴處理制度》) and the Standardized Service Operation Guide of the Call Centre*(《呼叫中心標準化服務操作指引》), enhancing customer service experience and handling efficiency. Once a customer complaint is received, the Group will arrange for our customer service officers to proactively contact the customer by phone to follow up on the case and provide independent solutions for the customer's complaint or improvement plans. During the Reporting Period, the Group effectively handled customers' reasonable requests, with a closure rate of 45% for real estate complaints and 99% for property/shopping mall management complaints.

7.3 Customer Satisfaction Improvement

For issues that are most likely to cause disputes, such as launching new projects and product sales, the Group has formulated relevant regulatory systems, such as the Management Measures on Project Delivery of Aoyuan Group*(《奧園集團項目交付啟動管理辦法》) and Sales Service Contact Standardization Manual for Prospective Owners of Aoyuan Group*(《奧園集團準業主銷售服務觸點標準化手冊》), to strictly control the project quality, reduce the proportion of complaints, and improve customer satisfaction.

* The English name is for identification only.

8. INTELLECTUAL PROPERTY AND PERSONAL INFORMATION PROTECTION

In order to protect intellectual property rights, the Group uniformly arranges trademark registration and entrusts a professional intermediary team to provide advice and services. The Group adopts a rigorous attitude to review and consider the development of the Group in respect of existing and future trademark registrations, and makes strategic arrangements to achieve effective protection of intellectual property rights.

The Group is committed to complying with national and local laws and regulations in relation to personal information and privacy, and to deal with the methods and guidelines for collecting, utilizing, storing, disclosing, transferring, confidentializing and accessing personal information in accordance with the Six Guidelines of Data Protection in order to protect personal information provided by our customers and employees from leakage or illegal use. During the Financial Year 2024, the Group had no significant matters in violation of any laws and regulations related to intellectual property and privacy.

8.1 Company Information Security

Information security has become a new challenge for enterprises in the information era. China Aoyuan puts emphasis on information security and has formulated internal protocols such as the Information Security Management Measures (2021 Version) *(《信息安全管理辦法 (2021) 版》) and Information Security Incident Management Regulations* (《信息安全事件管理規定》), which provide guidance on how to handle information security incidents with different levels of impact and causes of occurrence. In addition, an information security leadership team and an information security working group are established to fulfil the responsibility for information security maintenance. Through building firewall for information security, the Group is confident to effectively protect corporate information and personal data of customers.

8.2 Customer Information and Privacy Protection

With the advancement in technology, the Group has recognized the importance of maintaining a secure information network. The Group has been upgrading the firewalls to prevent customer information from leakage, while placing great importance on internal control over customer information management. The staff are required to sign integrity and confidentiality agreements and to comply with relevant laws and regulations, as well as internal rules and regulations such as the Confidentiality System of China Aoyuan Group*(《奧園集團保密制度》). The Group strictly prohibits employees from disclosing customer information. If any information leakage is discovered, the Group will dismiss the employee or terminate the employment contract, and reserves the right to seek legal action against that employee.

9. SUPPLY CHAIN MANAGEMENT

The Group attaches importance to supply chain management and formulates its internal management system such as bidding and procurement, and suppliers‘ inspection, and strictly regulates the supply chain and procurement activities.

* The English name is for identification only.

9.1 Supplier Communication and Training

The Group has set up the Suppliers Management System of China Aoyuan Group* (《奧園集團供應商管理制度》) to strictly implement the supplier admission assessment procedures. A professional supplier database is established for building strategic partnership with high-quality suppliers. The Group also monitors the environmental and social performance of its suppliers and subcontractors to reduce the environmental and social risks caused by procurement and subcontracting.

The Group conducts regular performance assessments by supplier category and holds supplier meeting. It carries out comprehensive assessment through third party patrol inspection, unannounced inspection, and random inspection, and updates the supplier database in terms of quantity, quality, work progress, cooperativeness, contract fulfilment and responsibility, etc. The Group has established a stringent performance evaluation system. We conduct appraisal and rating based on comprehensive criteria including project experience, professional knowledge, environmental protection policies and measures, records of work-related injuries and accidents, whether child labour and forced labour are used and community engagement, etc. It also requires suppliers to obtain certifications from independent institutions on quality, environmental protection and social responsibility, such as ISO9001, ISO14001 and other domestic and overseas accreditations relating to social responsibility.

The Group continuously monitors the suppliers on construction status, products and services provided. We regularly review the list of suppliers, conduct KPI appraisal and arrange on-site inspections. The Group has also developed evaluation methods and scoring criteria by supplier category to ensure that all the existing suppliers meet our quality requirements and the criteria on social responsibility. If any supplier doesn't fulfill the requirements, it is required to make improvement immediately and is to be terminated and blacklisted at the Group‘s discretion.

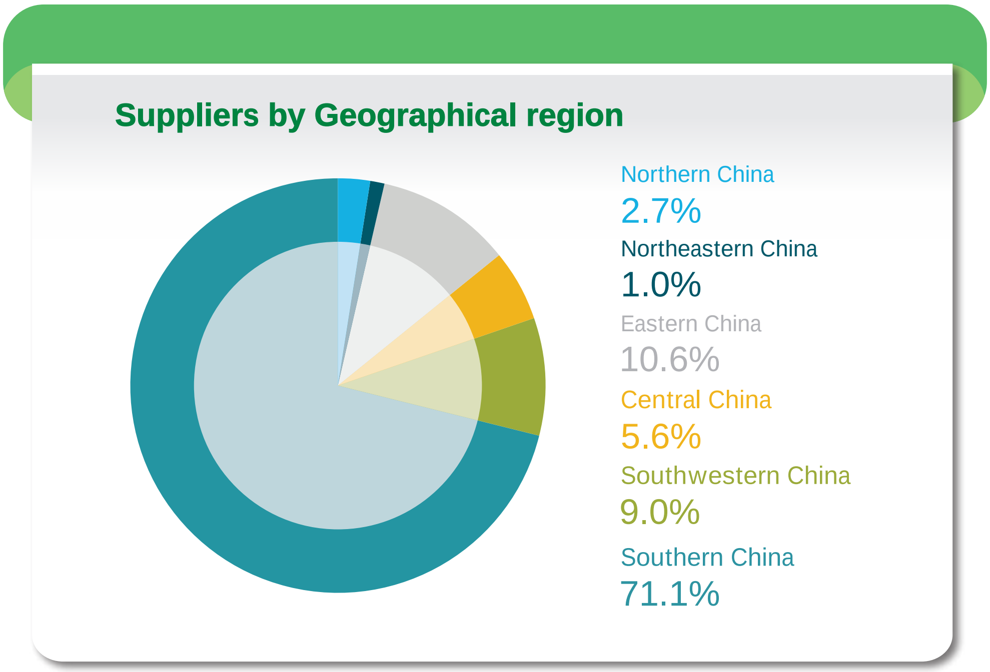
The Group adopts a fair and open tendering mechanism. It explores suppliers with similar values, strong performance capability and high-quality product. It also conducts supplier inspections of important categories in all directions, strictly controlling potential risks of suppliers‘ entry and shortlisting. We invite sufficient companies to participate in bidding, segregate duties during the bidding process such as identifying suppliers and reviewing tender documents and ensure the confidentiality of bidding documents. We regularly review the tendering mechanism with audit and supervision department, in order to reduce risks on bribery and malpractices due to control loopholes.

In addition, the Group requires its suppliers to comply with the practice of encouraging the use of environmentally friendly products and services. We convey the concepts of sustainable procurement, environmental protection and energy saving, and sustainable management to the suppliers through interviews, sharing sessions and site visits. Effective monitoring methods have been established to maintain a complete green supply chain. When a supplier violates the relevant requirements or fails to meet the performance requirements, its regular evaluation results will reflect the case and renewal of contract will be affected. In the event of a serious breach, the Group will terminate cooperation right away.

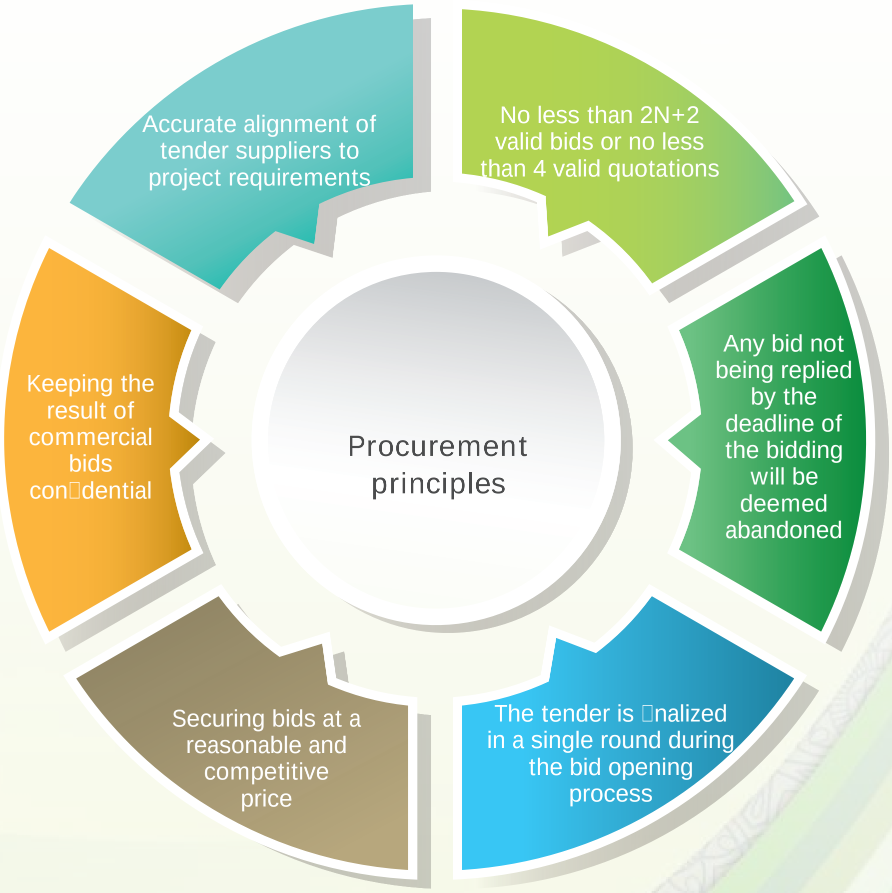
9.2 List of Suppliers

The Group incorporates green concepts into its supply chain management and procurement and strives to fulfil its social responsibility on environment protection. The Group gives preference to suppliers that are geographically closer to the projects to reduce the carbon footprint in transportation. The Group will also consider using products that have a smaller impact on the environment, such as those with environmental labels. At the same time, the Group put in place comprehensive warehouse control procedures to keep track of materials and products in storage, encourage staff to be aware of the shelf life of materials and products, and prioritize the use of materials and products purchased earlier to avoid unnecessary wastage. During the Year, the Group has 993 (2023: 993) major suppliers. The Group‘s major suppliers are as follows:

* The English name is for identification only.



The Group strictly requires suppliers tendering with the following principles:



9.3 Supplier Communication and Training

China Aoyuan places high value on communication with suppliers. We have improved the communication efficiency and enhanced mutual trust through various forms such as stocktaking seminars, thematic workshops, post-tender meeting, quarterly meeting, face-to-face on-site meeting with new suppliers according to the respective situation of the projects. The Group will also organize supplier meetings at the Group and regional levels on a regular basis to reward quality suppliers, so as to lay a good foundation for strategic cooperation for sustainable development.

The Group provides post-bid orientation for new suppliers to help them understand the system and culture of the Group. In addition, we hold discussion with suppliers on project cooperation and improvement measures to encourage them to meet the expectations and requirements of Aoyuan.

10. COMMUNITY INVESTMENT

Property development and operations are the main businesses of the Group and closely linked to contributions to the community. We actively contribute to the community and continue to devote efforts to poverty alleviation and community development, in order to fulfil our corporate social responsibility. No donations was made by the Group to the relevant charitable organizations during the Reporting Period. However, the Group has spared no efforts in bringing positive and long-term impacts to the communities it serves, and searching for the charitable activities or organisation which align with its vision, with its aim to facilitate sustainable relationships and support the well-being of society.

EMPLOYMENT AND PERSONNEL MANAGEMENT

11. HEALTH AND SAFETY

The Group places emphasis on raising the safety awareness of employees, creating a safe and healthy corporate culture and protecting the safety and occupational health of employees. The Group strictly complies with national laws and regulations, formulates internal safety management systems and annual targets, and clearly sets out the safety responsibilities and the management of performance appraisals for managers at all levels, and strictly manages the safety bottom lines in an effort to minimize the risk of injuries to employees, partners and customers.

Employees who were unfortunately injured at work were granted Confirmation of Work Injury in accordance with the procedures and received appropriate subsidies, granting of leave or reimbursement of medical expenses from the Group or their insurers. In the past three years, the Group was found with no work-related fatality of employees. Work-related injuries and fatalities and work days lost due to work-related injuries of the Group are detailed in the following table:

2024		2023		2022	
Number of work-related injuries	**Lost days due to work-related injuries**	Number of work-related injuries	Lost days due to work-related injuries	Number of work-related injuries	Lost days due to work-related injuries
1	**15.0**	–	–	9	612.0

11.1 Occupational Safety Management

The Group strictly enforces the relevant occupational safety laws and regulations, and has established a safety management system and a safety responsibility system to implement a series of measures to protect the health and safety of its employees. The Safety Management Committee, as the highest decision-making body for the Group‘s safety management, is responsible for safety management requirements, safety drill arrangements, staffing standards, safety incident management, safety assessment management and other safety management and production-related tasks. In addition, the Group conducts the comprehensive review of the fulfilment of safety responsibility to strengthen the safety supervision of each level and to safeguard the employees in the production process.

During the year, the Group continued to carry out various training activities, including safety production training, fire emergency evacuation drills, drowning emergency response training, construction site safety training, equipment operation safety training, extreme weather emergency training, training on the criteria for identifying major accident hazards in projects, and training on accident reporting and insurance claim processing. The aim is to equip employees with a wide range of safety knowledge, enhance safety awareness, and avoid safety incidents in case of emergencies or maloperation.

Case: 2024 Fire Evacuation Drill

The Aoyuan International Center conducted a fire evacuation drill to improve the staff and tenant's ability to deal with fire emergencies and arrange evacuation, as well as to check the fire equipment and facilities. The Group provided training on fire fighting and rescue, including fire alarm handling, fire extinguishing, property protection, evacuation arrangement and stampede prevention, assistance in firefighting and rescue, and first-aid for the injured. Through this training, employees received practical emergency training to enhance their response and self-protection ability under emergency situations.

Fire Safety Knowledge Training

On-site Practical Drills for Initial Fire Extinguishing and Casualty Rescue

11.2 Construction Quality and Safety

11.2.1 Construction Safety Management System

China Aoyuan values construction quality and has a comprehensive quality and safety management system in place. In addition to strict enforcement of relevant laws and regulations, the Group has also formulated a series of management measures for construction safety management and management of labour protective gears for employees, including keeping medical kits at fixed locations, issuing labour protective gears on a regular basis as required, supervising employees to use labour protective gears properly, and making available sufficient labour protective gears at construction sites to create a safe working environment. At the same time, before the construction of each project commences, the Group will assign the relevant responsible person as the person primarily liable for safety management and sign a safety management responsibility letter to ensure the effective implementation. Each unit is required to organize regular safety management meetings and prepare safety management reports to the Safety Department under the Group's Quality Control Centre for record.

Case: 2024 Safety Training Program for the Projects

The Group regularly arranged safety training for construction workers and project department staff of its projects, to enhance the staff's safety awareness in construction site and minimize operational risks to the greatest extent. During the training, construction workers and project department staff acquired the best practices that should be implemented at the construction sites, including site safety measures and operational risk assessment.

Safety Education and Training for Construction Workers and Project Department Staff

The Group has established emergency response organizations with clear responsibility mechanism. An emergency response plan has been formulated. Upon occurrence of a safety incident, the responsible person in charge of the unit should initiate the corresponding crisis management plan as soon as possible and report the incident to higher level following the procedures and according to the severity of the situation.

Case: 2024 Project Extreme Weather Emergency Training and Major Accident Hazard Identification Standards Training

The Group carried out activities such as typhoon prevention emergency deployment training and training on criteria for determining major accident potential hazards for the projects. These activities aimed to ensure that staff have sufficient knowledge reserves to respond before extreme weather arrives and a profound understanding of the criteria for determining major accident potential hazards, which also enable the staff to avoid major disasters or accidents in a timely manner or effectively control the impact of incidents.

Training on Typhoon Prevention Emergency Deployment

Training and Assessment of Criteria for Determining Major Accident Hazards

11.2.2 Implementation of Safety Inspections and Standards

In order to better meet the market demand and improve the quality of our projects, we have implemented the Aoyuan Group's Third Party Project Evaluation Management System*(《奧園集團第三方項目評估管理制度》), the Management Measures for Unannounced Inspection by Aoyuan Group*(《奧園集團飛檢管理辦法》), the Guidance Manual for Management and Control over Fine Decoration of Aoyuan Group*(《奧園集團精裝修管控指導手冊》), and the Management Measures for Major Safety Risks of the Group* (《集團重大安全隱患管理辦法》). The Group also developed a safety inspection and risk prevention system and scoring standards, and conducts regular safety inspections. If any major construction hazards or fire hazards are found, the work will be stopped immediately at the site in question and can be resumed only after the relevant unit has conducted a safety review with satisfactory results. Corresponding control measures for prevention and control of different risk levels were taken.

* The English name is for identification only.

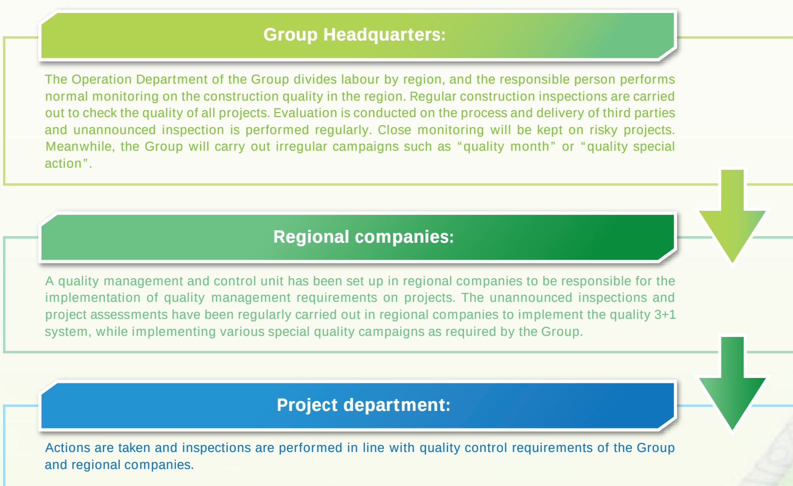
Safety risk levels and corresponding control measures

Risk level	Evaluation criteria	Control measures
Low	1) Safety inspection score ≥ 85; 2) No major safety hazards.	1) Issuance of a Safety Risk Correction Notice; 2) Rectification by the Project Department within a timeframe.
Medium	1) 75 ≤ security inspection score < 85; 2) 1-2 major safety hazards.	1) Issuance of a Safety Risk Rectification Notice; 2) Immediate suspension of work due to major safety hazards; 3) Safety managers of regional companies should oversee the rectification, and the Safety Department of the Group's Quality Control Centre tracks the progress of rectification on a daily basis; 4) Acceptance by safety managers of regional companies and reporting to the Safety Department of the Group's Quality Control Centre.
High	1) Safety inspection score < 75 points; 2) 3 or more major safety hazards.	1) The Safety Department of the Group's Quality Control Centre issues a Notice of Suspension and Rectification of Major Safety Risks to the general managers of regional companies; 2) Immediate suspension of projects; 3) The Safety Department of the Group's Quality Control Centre supervises the rectification.

In addition, we will regularly hire well-known external construction consultants to conduct quality and safety assessments of the projects covering project quality, construction safety, material quality, management pattern and quality risks. Through benchmarking with the industry using the quality system of the third-party assessment company.

11.2.3 Three-level Inspection System for Project Quality and Safety

In order to ensure product quality and safety, China Aoyuan has established a three-level project quality and safety inspection system, covering the Group, regional companies and project departments.

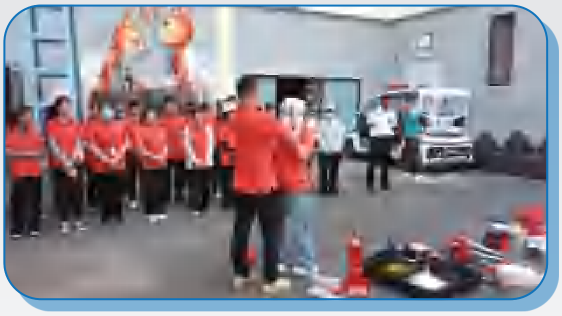


11.2.4. Safe Production Training Activity

The Group arranges various trainings on safety every year, such as Fire Prevention Month, Safety Month, Safe Work Knowledge Contest, Quality Control Month and Skill Competition, which helps to enhance the safety knowledge, skills, awareness and emergency handling capability from the management to the general staff and therefore to improve the overall project quality.

Case: 2024 Safety Training on the Operation of Amusement Equipment

The Group regularly arranged safety training on the operation of equipment safety and emergency evacuation drills for the staff at the amusement projects in the Aoyuan Yingde Chocolate Kingdom* (奧園英德巧克力王國遊樂項目), to ensure the staff have a thorough understanding of equipment operation and measures for handling emergencies and evacuation. As a result, the staff's safety and emergency response awareness were enhanced, and the health and safety of tourists are ensured.



Staff Safety Training on Equipment Operation and Emergency Drills.

12. EMPLOYMENT AND LABOUR PRACTICES

12.1 Employee Rights and Interests

The hard work of our employees is inextricably linked to the long-term development and success of the Group's business. The Group complies with employment-related laws and regulations, including but not limited to the Labour Law of the People's Republic of China*(《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China*(《中華人民共和國勞動合同法》) and the Prohibition of Child Labour Provisions*(《禁止使用童工規定》).

The Group promotes a harmonious and diverse work environment and strives to treat people of all cultural backgrounds, gender, religion, marital status, etc. equally. The Group's recruitment criteria are based on the candidate's resume and interview performance. We offer reasonable remuneration and fair promotion opportunities based on the performance of employee. The Group respects the relationship with its employees. Any termination of employment is subject to appropriate notice periods and clear communication with the employee regarding the reasons. No employees will be dismissed without justification.

In order to increase the diversity of our workforce and provide development opportunities for young people, the Group offers opportunities for the physically challenged and fresh graduates every year as well as in-house on-the-job training and courses to nurture them to become an important force in the Group and a future pillar of society.

* The English name is for identification only.

12.2 Employee Recruitment

The Group strictly complies with relevant laws and regulations. The Group has also established a clear human resources management system and standard operating procedures, which are fully implemented by the human resources department and reviewed by the Board on a regular basis. The Human Resources Department will review the relevant laws and regulations on a regular basis. Any update on provisions will be immediately made known to employees. There were no material breaches of laws and regulations relating to the prevention of child labour or compulsory labour during the Reporting Period. During the Reporting Period, the Group was not aware of any material non-compliance with the laws and regulations relating to employment.

The Group has a well-defined and comprehensive talent recruitment process and configuration to prevent any irregularities or illegal recruitment, such as child labour or forced labour. The Human Resources Department requires candidates to produce their identification documents, academic qualifications and employment proof at the time of recruitment to ensure that their age and identity are consistent with the documents they have submitted. The Group also performs pre-employment checks on the prospective employee, including interfacing with the former employer to understand the prospective employee‘s performance and verification of information from relevant government departments. Important work terms such as job duties, working hours, remuneration, social benefits, insurance, labour protection, work ethics and termination of contract are clearly stated in the employment contract. All employees must voluntarily sign an employment letter with the Group to ensure the rights of both parties. There were no material breaches of laws and regulations relating to the prevention of child labour or compulsory labour during the Reporting Periods.

In the event that a minor under the age of 16 is recruited, the Group will immediately terminate the employment, and the person in charge of human resources concerned will be subject to disciplinary action and his/her annual performance incentives will be deducted. In the event that child labour is found, the Group will immediately report the matter to the local labour department, arrange for a health check and cover any medical expenses which may be incurred. The Human Resources Department will contact their guardians, make full payment of wages earned and arrange for escort or return by their guardians.

12.3 Employee Welfare/Caring for Employees

In order to enhance the social security of our employees, the Group taken out corresponding social insurance for all employees at the time of employment. During the Reporting Period, the Group was proud to receive the “MPF Good Employer” and “Electronic Contribution” awards presented by the Mandatory Provident Fund Schemes Authority of Hong Kong. As a “Joyful@Healthy Workplace” certified by the Hong Kong Occupational Safety and Health Council, the Group has always in place blood pressure monitors and touchless thermometers in office to ensure that employees can monitor their health conditions at all times.

The Group understands the importance of the sense of belonging and cohesiveness among its employees in the overall development. The Group regularly organized a variety of activities beneficial to physical and mental health, such as the Urban Group Running and Sports Scheme, Mountaineering Activities* (城市跑團運動計劃活動、登山活動), etc., to improve the physical and mental health of its staff and to promote the philosophy of work-life balance.

* The English name is for identification only.

Good communication is important to understand the needs of employees and get them to be engaged at work. The Group is committed to listening to its staff by building various communication channels, including performance interviews, the AOffice mobile work platform, e-newsletters, social media, the intranet and the suggestions mailbox, enabling employees to interact with the Group and reflect their views through different channels.

Case: First of May Energetic Team Mountaineering Activity and 21-Days Urban Group Running Scheme

The project managers of each key project of China Aoyuan Eastern region company led their teams to carry out mountaineering activity in the surrounding areas in May 2024 and project marketing teams of China Aoyuan Eastern region company and Guangdong region companies carried out urban group running activities from August to October 2024, to encourage employees to actively participate in sports activities and advocate a healthy lifestyle. This activity not only creates a positive working atmosphere, but also promotes teamwork, and enhances their cohesion and happiness.

Organized staff sports activities

* The English name is for identification only.

12.4 Staff Promotion and Rewarding System

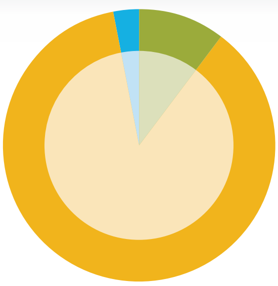
To retain talent and encourage performance, the Group will give priority to internal promotion when a vacancy arises. The Group determined the promotion management process and the promotion cycle and conditions for different ranks. Promotion results and salary adjustments will be determined by the ability and performance of the staff, ensuring that all staff are given equal opportunities and that those who are capable will be rewarded. Staff remuneration is linked to performance and competency, and performance will be evaluated on two scales, "key performance" and "competency-based attitude".

To reward staff performance and encourage self-improvement, the Group has set up benefits such as allowance upon the achievement of certificates. For employees who have obtained professional qualifications or awards, the Group will provide them with cash bonuses, paid leave, salary adjustments and promotions depending on the specific circumstances. The Group will impose penalties and warnings for employees who fail to perform or improperly perform their duties in violation of the rules and regulations. The reward and punishment system has been recorded in the Group's human resources management system to ensure fairness in reward and punishment.

12.5 Annual Employment Data/Employee Distribution

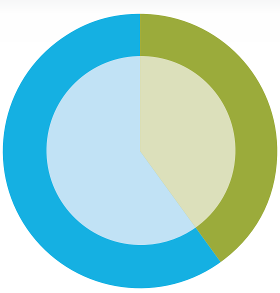
In 2024, The Group had 925 employees (2023: 1,432) in total. The number of employees decreased during the Reporting Period was mainly due to the corporate allocation of human resources in response to the macroeconomic changes and the industry competition. All of the Group's employees are full-time in nature, of which 99.2% (2023:97.8%) are from the Mainland China. The distribution of the Group's workforce are detailed as follows:

Age

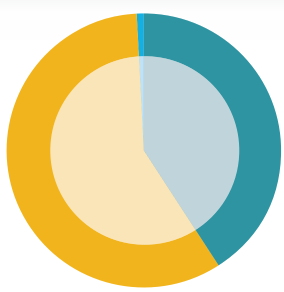


Employment Type

Gender



Employee Category



The Group's staff turnover for the Reporting Period was 754 (2023:1,947), the turnover rate was 64% (2023:82%) as shown in the table below:

Employee turnover rate (%)[1]	**2024**	2023
Total	**64**	82
By gender		
Male	**61**	83
Female	**68**	82
By age group		
Aged below 30	**77**	87
Aged 30-50	**62**	81
Aged above 50	**55**	92

Note:

1. The overall turnover rate is calculated as the number of employees who left the organization during the Reporting Period/the average of the numbers of employees at the end of the FY 2023 and the end of the Reporting Period x 100%. Employees who leave within one month of their onboarding are not counted.

12.6 Employee Development and Training

12.6.1 Training for Employees

China Aoyuan attaches great importance to the career development and nurturing of its employees to create a learning organisation, with the goal of increasing the competitiveness of the Group and its employees as a whole. The Group provide comprehensive on-the-job training, which is mainly in-house, with supplementary external training for our staff. The courses are taught and led by professional instructors. In addition to preparing the course materials, instructors are required to monitor the trainees' training progress and participation. Instructors are also required to regularly provide summaries and thematic training programmes to the staff in charge as a guide for improving the quality of subsequent training courses.

12.6.2 Investment in Staff Training

The Group has also set up a series of targeted training and mentorship programmes through internal organisations, such as the Aoyuan School of Management, to ensure the availability of talents to support the sustainable development of the Group. The Aoyuan School Management focuses on training current staff, new recruits, management trainees, middle and senior managers, and successor echelons, to lay the foundation for long-term corporate development.

Case: Innovative Learning Co-reading Activities and Face to Face Reading Sharing Sessions

The Group launched innovative learning co-reading activities and held face to face reading and sharing sessions, aiming to help employees cultivating a continuous learning organization, expanding their horizons and knowledge, and communicating and sharing with each other before achieving common progress.

Face to face Reading and Sharing Session

12.6.3 Participation in Training

The Group is committed to nurturing talents and provides sufficient resources to organize a wide range of training programmes and offer opportunities for its employee. The training is conducted to align with the Group's comprehensive internal ranking system and promotion mechanism, providing a wide range of career development opportunities. In terms of employee training, the number of employees trained was 476 (2023: 747) and the total number of training hours was 5,257 (2023: 6,127), as listed in the table below.

Percentage of Employee Trained [1]	**2024**	2023
Overall	**51%**	52%
By Gender		
Male	**52%**	51%
Female	**51%**	53%
By Employee Categories		
General Staff (Senior Supervisor and below)	**60%**	54%
Middle Management (Assistant Manager – General Manager)	**44%**	51%
Senior Management (Assistant President or above)	**33%**	13%

Average Training Hours (Hours) [2]	**2024**	2023
Overall	**6**	4
By Gender		
Male	**6**	4
Female	**6**	4
By Employee Category		
General Staff (Senior Supervisor and below)	**7**	4
Middle Management (Assistant Manager – General Manager)	**4**	4
Senior Management (Assistant President or above)	**0.3**	1

Notes:

1. Employees training percentage in the relevant categories = T(x)/E(x) *100%, T(x) = number of employees in the specified category who took part in training, E(x) = number of employees in the specified category at the end of the Reporting Period.

2. Average training hours for employees in relevant categories = TH(x)/E(x), TH(x) = total number of training hours for employees in the specified category, E(x) = number of employees in the specified category at the end of the Reporting Period.

12.7 Diversity and Inclusion Policy

In line with our meritocratic approach, China Aoyuan was accredited The Racial Diversity and Inclusion Charter for Employers by the Hong Kong Equal Opportunities Commission for four consecutive years. The Group‘s policy on diversity and inclusion was fully recognised by the Labour and Welfare Bureau of the Hong Kong Special Administrative Region Government under the Talent-Wise Employment Charter.

12.8 Family-Friendly Measures

With its family-friendly and people-oriented human resources policy and management‘s commitment to promoting equal opportunities, China Aoyuan was awarded the “Equal Opportunity Employer for Family Status Equality” by the Hong Kong Equal Opportunities Commission, the first Mainland real estate enterprise to receive such recognition. Meanwhile, the Group was awarded the “Breastfeeding Friendly Workplace” by the Hong Kong Committee for UNICEF for five consecutive years, an award which recognises companies that provide breastfeeding facilities and support to working mothers, and help working mothers to take care of their family responsibilities when they return to work after child birth.

ENVIRONMENTAL MANAGEMENT

13. ENVIRONMENTAL PROTECTION

The Group attaches great importance to the impact of its operating activities on the surrounding environment and ecosystems. Therefore, the Group conducts environmental risk assessments before and after the development of its real estate projects, and endeavours to minimize the impact of noise pollution, dust pollution, etc. on the surrounding environment, and incorporates considerations for the preservation of biodiversity and natural habitats in the planning, design, construction and operation of its projects. The Group also sets environmental targets for each real estate project and continuously monitors, reports and reviews the environmental performance of the projects to reduce the environmental risks to an acceptable level.

In response to the country's carbon neutrality and sustainable development objectives, the Group is committed to achieving low carbon operations and integrating environmental protection concepts into its corporate sustainability strategy and approach. The Group ensures that it complies with laws and regulations on environmental protection, as well as the formulation of internal management regulations and systems to promote environmental protection. The Group set annual environmental targets since the FY 2023. The progress of achievement is detailed below:

Environmental area	Environmental targets set in 2023	Progress of annual targets
Greenhouse gas (GHG)	The Group sets an annual target to reduce greenhouse gas emissions by 5% by 31 December 2024.	The total GHG emissions in FY 2024 remained a similar level to that in FY 2023. The target was not achieved mainly due to the increase in purchased electricity consumption due to the aging of electrical equipment and the increase in business travel by air during the Reporting Period.
Energy Consumption	The Group sets an annual target to reduce energy consumption by 5-10% by 31 December 2024.	The energy consumption in FY 2024 increased by 6% compared with that in FY 2023. The target was not achieved mainly due to the increase in purchased electricity consumption due to the aging of electrical equipment during the Reporting Period.
Use of Water Resources	The Group sets an annual target to save water use by 10% by 31 December 2024.	The water usage in FY 2024 increased by 20% compared with that in FY 2023. The target was not achieved mainly due to the leakage of water supply pipes during the Reporting Period, which was repaired in time after the problem was discovered.
Waste	The Group sets an annual target to increase the recycling rate of computer waste to 100% by 31 December 2024 to reduce the waste generated during operation.	Target achieved.

During the Reporting Period, to promote the development of a sustainable enterprise, we established the following environmental objectives and work arrangements based on our operational circumstances:

Environmental area	Environmental objectives
GHG	We are committed to reducing greenhouse gas emissions and responding to the "Action Plan for Peak Carbon Dioxide Emissions by 2030" (《2030年前碳達峰行動方案》) issued by the State Council to achieve the national carbon peak target by 2030. With FY 2024 as the base year, the Group aims to reduce GHG emissions by 5% by 31 December 2027.
Energy Consumption	We are committed to reducing energy consumption, promoting energy conservation and consumption reduction, and replacing conventional energy with renewable energy and clean energy. At the same time, we will arrange for inspections by designated personnel to reduce the waste and actual use of electricity. With FY 2024 as the base year, the Group aims to reduce energy consumption by 5% by 31 December 2027.
Use of Water Resources	Stepping up internal publicity by putting up posters to promote water conservation and recycling. We also regularly inspect and repair water facilities to minimize losses, so as to improve water use efficiency. With FY 2024 as the base year, the Group aims to reduce water consumption by 5% by 31 December 2027.
Waste	We promote paperless office, reuse of used resources, separation of domestic waste and industrial waste, and improve the efficiency of recycling and the types of recycled items. The Group set an annual target to maintain the recycling rate of computer waste at 100% by 31 December 2025 to reduce the waste generated during operation.

13.1 Green Construction

China Aoyuan is concerned about the impact of construction development on the ecosystem. Environmental assessment, inspection and acceptance of the project to the surrounding environment are carried out before and after project development to analyse, predict and assess the impact of the project on the ecosystem and biodiversity. The Group also pays attention to the cultivation of plants and prevention of pests and diseases in the process of landscape implementation to ensure the variety of greenery and biodiversity.

The Group also strictly complies with relevant laws and regulations to promote green construction practices. The Group actively promotes new environmental technologies such as modular construction and aluminium film system to reduce construction waste, construction noise and on-site dust. In view of the waste pollution, light pollution, noise pollution and dust pollution caused by construction sites to the surrounding environment, the Group has taken a number of measures to reduce waste emissions and implement resource recycling with the goal of protecting the environment and lowering its environmental impact.

13.2 Green Building

China Aoyuan promotes green development and strictly adheres to the relevant laws and regulations. It actively integrates the concept of environmental protection into its development, and creates green buildings with high quality, low energy consumption and renewable resources for customers. China Aoyuan has implemented the construction concept of sponge city in a number of projects to collect rainwater and irrigation water for reuse, reducing water wastage and increasing the area of greenery in the projects for air purification, sound and noise absorption and temperature regulation. Meanwhile, the Group has also enhanced the use of lead-free taps, energy-saving lights and other eco-friendly materials in its projects to provide owners with a green and healthy living space.

Adhering to the Group's sustainable development concept of "shared responsibility for environmental protection", the Group carefully plans green belts around construction sites at all stages of design, construction and completion, and develops comprehensive policies and a series of measures to ensure effective preservation of ecological appearance and minimize the negative impact to the surrounding environment. In addition, for the light pollution, noise pollution and dust pollution that the property development business may cause to the surrounding environment, the Group takes different actions to control and minimize the impact on ecological environment during construction.

Light pollution management

- Limit the intensity and angle of illumination during night-time construction to avoid disturbing the community and affecting the livelihood of residents
- Use protective equipment such as shades to reduce the impact of glare

Noise pollution management

- Requires contractors to control construction noise by conducting regular noise assessments, using qualified silent construction machinery, measuring noise levels with noise detectors, installing noise barriers, silencers and enclosures to prevent noise from spreading to nearby residential areas, selecting appropriate time slots for major construction work, etc.
- Workers are strictly required to wear devices to protect their hearing

Dust pollution management

- Uses precast concrete components and finished mortar to reduce the amount of dust generated on the construction site and install extensive sprinklers on the construction sites and conduct periodical spraying to reduce dust in the air
- Various measures such as hardening of roads, covering of exposed soil and washing of vehicles before leaving the construction sites are adopted to prevent dust from polluting the nearby environment and community
- Sprinklers with automatic spray flushing system have been set up in side way of all main carriageways in the construction site to reduce road dust

13.3 Green Office

It develops internal management policies such as the "Office Environment Management Measures for China Aoyuan Tower" * (《中國奧園大廈辦公環境管理辦法》) and "Energy-Saving and Consumption-Reduction Management Manual for China Aoyuan Tower" *(《中國奧園大廈節能降耗管理手冊》) to carry out energy saving and consumption reduction work.

The Group actively promotes the efficient use of resources by its staff. The Group saves water and electricity and reduces energy consumption by posting water and electricity saving slogans, controlling the hours of electricity consumption in public areas, setting energy-saving temperatures for air-conditioning, turning off idle electrical equipment in a timely manner and using water-saving sensor taps. The Group promotes a paperless office, uses an electronic office system to replace paper records, conducts regular paper consumption statistics, monitors paper consumption, saves office consumables and reduces waste.

The Group also focuses on advocating water saving plans in office, which include the adoption of water-saving devices, such as sensor taps, reducing water pressure to the lowest practicable level and using dual flush toilets, etc to reduce unnecessary wastage. The Group also regularly checks office water consumption and inspects the plumbing tanks to ensure that there is no leakage. The Group also regularly advocates water conservation and promotes water-saving measures to staff through posters and e-mails to further enhance their awareness of environmental protection.

14. ENERGY USAGE AND EMISSIONS

The Group integrates environmental protection concepts into development policies and sustainable management objectives and strives to provide its customers with green buildings that are comfortable, low-energy consumption and make good use of renewable energy. The Group pays close attention to the consumption of resources in its daily production and operation activities to ensure that resources are well utilised. During the Year, the Group consumed 0.43 tonnes of packaging materials (2023: 7.20 tonnes), all of which were paper and paper-based materials.

14.1 Energy Efficiency

The Group has introduced low energy consumption construction technology to reduce water usage and the energy required in the lighting, air-conditioning and ventilation systems during the construction process. In addition, the Group actively adopts environmental construction designs and reduces the energy consumption in the routine operation of buildings from external wall design, glass window material, hot water system and other aspects. At the same time, the Group issued the Aoyuan Group Vehicle and Driver Management System* (《奧園集團車輛及駕駛員管理制度》) to improve the efficiency of vehicle use, and provide drivers with low-carbon driving training and other measures to reduce the consumption of energy by vehicles. The Group promotes and encourages the effective use of resources in various aspects to raise awareness on resource conservation and environmental protection.

The Group has formulated a corresponding reward and penalty system and set up an "Energy consumption management and monitoring team" to strengthen the supervision and management of energy saving and consumption reduction and arrange energy saving and consumption reduction inspections to enhance the Group's overall environmental performance.

* The English name is for identification only.

The Group's energy consumption data for the Year are detailed in the following table:

Energy consumption[1]	2024[1]	2023
Total energy consumption[4] (MWh)	**26,676**	25,230
Direct energy[2]	**152**	421
Indirect energy[3]	**26,524**	24,809
Energy consumption intensity (MWh/per group company)	**2,052.02**	1,940.75

Notes:

1. The resource consumption data disclosed in this report includes only energy used directly by the Group in its Operating Business. Data on resources used by third parties such as outsourced contractors, tenants and customers of the Group are not included.

2. Direct energy consumption includes energy consumption from petrol use. The data are calculated based on the National Standard "Gasoline for Motor Vehicles" *(《車用汽油》) (GB17930-2016) issued by the State General Administration of the PRC for Quality and the "Land transportation enterprise – Guidelines for the greenhouse gas emissions accounting and reporting (Trial)" *(《陸上交通運輸企業－溫室氣體排放核算方法與報告指南(試行)》) issued by the National Development and Reform Commission of the PRC (the "NDRC").

3. Indirect energy consumption includes energy consumption from purchased electricity. It is calculated based on the actual electricity consumption amount purchased by the Group.

4. The net increase in energy consumption was mainly attributable to the aging of certain electrical equipment of the Group, which resulted in an increase in energy consumption.

14.2 Water Use Effectiveness

The Group has actively taken various measures with contractors to improve water efficiency, establishing water quota guidelines, recording water consumption at construction sites for regular review, and posting water-saving slogans within the sites to increase staff awareness. Contractors are also required to plan the water supply system at the construction site, and set up water recycling devices and surface water and rainwater collection systems. We collect reusable sewage and natural water which, after sedimentation and filtration, is used for washing machines, significantly increasing the reuse of water resources. During the Year, the Group has not encountered any difficulties in sourcing water.

The Group's water consumption data for the Year are detailed in the following table:

	2024	2023
Total water consumption[1,2,3] (m^3)	**348,266.00**	291,146.01
Intensity of water consumption (m^3/per group company)	**26,789.69**	22,395.85

Notes:

1. The resource consumption data disclosed in this report includes water used directly by the Group only in its Operating Business. Data on resources used by third parties such as outsourced contractors, tenants and customers of the Group are not included.

2. Total water consumption is based on actual water consumption.

3. The increase in water consumption was mainly attributable to the leakage of water supply pipeline during the Reporting Period. The pipeline was repaired in time, after the relevant personnel discovered the incident.

* The English name is for identification only.

14.3 Climate Change Adaptation and Greenhouse Gas Emission Management

To attain the global goal of zero greenhouse gas emissions by 2050, the Group expects that climate change will have a certain impact on its daily operations and assets. Therefore, the Group is committed to reducing carbon emissions during the course of operation and reducing its carbon footprint in order to eliminate the impact of climate change and demonstrate its responsibility as a green enterprise.

In order to cope with the increasingly severe climate change and its risks, the Group formulated relevant climate solutions, requiring all future development projects to conduct local climate studies to ensure that resilience of the property is enhanced. The Group sets up an Extreme Weather Response Team to assess the climate risk of all its projects and identify the direct and indirect physical and transition risks arising from climate change, so as to take precautionary measures and provide emergency relief in the event of extreme weather in advance. The Group will continue to adopt green building practices and undergo application of green materials and technologies, enhance asset value and create new values and services for investors and the community.

The Group has incorporated climate-related risks into its enterprise risk management and reviews these climate-related risks in our risk register. We assess the physical and transitional risks associated with climate change within our assets, business operations and value chain. This analysis helps us understand potential climate risks and formulate long-term strategies to enhance our resilience and adaptability in the face of a changing climate. The following are the significant climate-related risks identified by the Group and the relevant countermeasures:

Physical Risks	Description	Response Strategy
Acute Physical Risk	Occurrence of extreme weather events, such as typhoons, rainstorm, floods, etc.	The Group provides employees with Extreme Weather Emergency Training to prepare for and respond to the impacts of typhoons in an effective and systematic manner, thereby minimizing disaster-related damages. Project general managers serve as commanders for typhoon contingency responses, overseeing the coordination of each contingency team. Their responsibilities include obtaining, disseminating, and monitoring real-time updates promptly to implement precautionary measures and mitigate potential damages.
Chronic Physical Risk	The increasing duration of extreme high-temperature weather poses heightened risks to employees' occupational health and safety.	We keep blood pressure monitors and contactless thermometers in the office at all times to ensure employees can monitor their physical conditions any time. First aid kits must be stored at designated locations, and adequate labor protection supplies should be prepared. Additionally, cold water and cooling items should be easily accessible. Work schedules should be organized in a rational manner to minimize the health impacts of high-temperature weather on employees.

Transition Risks	Description	Response Strategy
Policy and Legal Risk	The government tightened energy guidelines for buildings, enhanced emission report requirements and regulated high-pollution projects in the industry	The Group will continue to monitor the development and requirements of the government and the industry, so as to make timely adjustments to its strategies to ensure that the projects are in compliance with the latest legal requirements.
Market Risk	Shifting customer preferences, such as rising demand for green buildings	The Group implemented the construction of sponge cities in some projects, collecting rainwater and irrigation water for recycling to reduce water resource waste. It also increased the green area of the projects, achieving the effects of purifying the air, absorbing sound and reducing noise, and regulating the temperature. In addition, the Group actively adopted environmentally friendly architectural designs to reduce the energy consumption of buildings during their daily operation.
Technology Risk	Use of more renewable energy and environmentally friendly materials, growing trend of adopting energy-efficient and low-carbon technology	The Group introduced building technology with low energy consumption to reduce the energy required during the construction process. The Group required its suppliers to comply with the practices that encourage the use of environmentally friendly products and services. Internally, the Group also established effective monitoring methods to maintain a complete green supply chain.
Reputation Risk	With growing stakeholder awareness of climate change, expectations for enterprises to fulfill social responsibilities and provide transparent information have become increasingly stringent. Failure to meet these expectations may result in higher capital costs and a potential decline in the company's value.	The Group actively undertakes work to address climate change, strengthens communication with stakeholders, regularly discloses relevant information, and continuously improves the quality of information disclosure.

The Group‘s greenhouse gas emissions data for the year are set out in the following table:

Greenhouse Gases[1]	2024	2023
Total greenhouse gas emissions (tonnes of carbon dioxide equivalent)	**14,448.79**	14,371.58
Scope 1: Direct emissions[2] (tonnes of carbon dioxide equivalent)	**37.95**	104.38
Scope 2: Energy indirect emissions[3] (tonnes of carbon dioxide equivalent)	**14,233.00**	14,148.70
Scope 3: Other indirect emissions[4] (tonnes of carbon dioxide equivalent)	**177.84**	118.50
Greenhouse gas emission intensity (tonnes of carbon dioxide equivalent/per group company)	**1,111.45**	1,105.51

Notes:

1. The resource consumption data disclosed in this report only includes greenhouse gas emissions generated directly from the Group‘s Operating Business. Resource data used by the Group‘s third parties such as contractors, tenants and customers are not included. Greenhouse gas emissions include carbon dioxide, methane, and nitrous oxide, and are presented in tonnes of carbon dioxide equivalent.

2. Scope 1 covers emissions from mobile combustion sources. The calculation method of fuel consumption by vehicle is based on Appendix II Reporting Guidance on Environmental KPIs* (《環境關鍵績效指標匯報指引》(「附錄二」))published by the Stock Exchange (“Appendix II”) and emission factors is based on the “Land Transport Enterprises – Guidelines on Greenhouse Gas Emission Accounting and Reporting (Trial)” *(《陸上交通運輸企業－溫室氣體排放核算方法與報告指南(試行)》) issued by the NDRC.

3. Scope 2 Indirect energy emissions include indirect greenhouse gas emissions generated from purchased electricity. The data is calculated based on the “Guidelines on Greenhouse Gas Emission Accounting and Reporting – Power Generation Facilities” *(《溫室氣體排放核算方法與報告指南發電設施》) provided by the NDRC. The conversion factors for Scope 2 emission data in 2024 and 2023 are derived from Announcement on the Release of 2022 Electricity Carbon Dioxide Emission Factor* (《關於發佈2022年電力二氧化碳排放因子的公告》) and Notice on the Management of Greenhouse Gas Emission Reporting for Power Generation Industry Enterprises from 2023 to 2025 respectively*(《關於做好2023-2025年發電行業企業溫室氣體排放報告管理有關工作的通知》).

4. Scope 3 Other indirect emissions includes electricity usage on water treatment, methane generated from disposal of waste paper and greenhouse gas emissions generated from business trips The emission factors used for water treatment are based on Appendix II, “Study on Energy Consumption of Urban Water Supply System in China” *(《中國城市供水系統能耗研究》) published by Tsinghua University, “Statistical analysis and quantitative identification of the law of energy consumption in urban sewage treatment plants in China”*(《我國城市污水處理廠能耗規律的統計分析與定量識別》) published by Tsinghua University and National Urban Water and Drainage Engineering Technology Research Centre. The calculation method and emission factors for methane emissions from disposal of waste paper are based on Appendix II. Emissions from business air travel are calculated based on the International Civil Aviation Organization (ICAO) Carbon Emissions Calculator.

* The English name is for identification only.

14.4 Wastewater Treatment

Although the Group does not generate a large volume of wastewater directly during the course of daily operation, we are also well aware of the negative impact of the wastewater on the environment. Therefore, we require contractors to adopt measures on wastewater treatment to ensure that the discharge of wastewater complies with the environmental protection requirements, and strictly prohibit the discharge of wastewater without treatment directly into the municipal drainage system. The measures undertaken include:

- installing wastewater treatment system, such as desilter, oil separator and septic-tank, and only purified wastewater could be discharged into drainage pipeline of designated municipal drainage system;

- regularly maintaining and cleaning up wastewater treatment facilities to ensure the normal and effective operation. A portion of the treated wastewater will be reused in the site to reduce water usage.

The Group will continue to monitor the performance of its construction site contractors in the treatment of wastewater, review and improve its policy on wastewater treatment from time to time, so as to ensure that the treatment process complies with national regulations, and strive to reduce the production and discharge of wastewater.

14.5 Waste Management

The waste directly generated by the Group mainly comes from office paper and domestic waste. The Group advocates reducing and recycling paper documents (including waste paper, posters, letters and envelopes) and encourages the use of environmentally friendly paper. Recycling bins are set up in offices to collect waste paper. Notices are posted at conspicuous locations next to the copiers/printers to remind staff to use double-sided photocopying or reusable paper for proper use of resources. The Group also conducts regular paper counts to monitor paper consumption and take appropriate improvement measures.

The Group actively promote paperless office and paperless concepts to employees. We encourage employees to store documents electronically, use e-mail as the main communication method and replace manual approval with electronic approval to replace paper-based office administration systems (“OA Systems“) with electronic OA Systems.

The Group reminds staff to reduce the use of disposable and non-recyclable products (e.g. plastic cutlery) and set up waste separation and recycling facilities in the office to encourage employee to develop proactive recycling and environmental protection habit.

During the Reporting Period, the Group generated 748 kilograms of waste paper (2023: 748 kilograms), all of which is recycled. At the same time, the Group generated 900 tons (2023: 857 tons) of domestic waste in total, which had been sent to the government-regulated landfills for disposal.

In terms of hazardous waste, a total of 441 units of discarded electronic equipment were recycled during the Reporting Period (2023: 652 kg). All electronic equipment waste was recycled by qualified recyclers.

The Group also strictly requires contractors to establish a comprehensive waste disposal mechanism to control and reduce the amount of waste by various means so as to eliminate its impact on the surrounding environment.

14.6 Air Pollutant Emission Management

The Group has taken multiple measures to effectively monitor the various emissions from contractors during the construction process in order to control the impact on the environment. During the project planning stage, the Group will set pollutant emission standards and limits with the contractor, and real-time environmental monitoring instruments are to be installed to continuously monitor the actual emissions at construction sites. The Group will collect the data regularly to compare with industry benchmarks to analyse and formulate plans for improvements. In case of excess emissions, contractors are required to report to the Group immediately and identify the source of the problem. In order to reduce the particulate matter ("PM2.5") generated during the construction process, we have installed the PM2.5 detectors in a number of projects to monitor dust emission levels, and reduce the particulate matter in the air by spraying water to improve air quality. The Group also requires contractors to use low-polluting fuels which meet emission standards as the main fuel for construction machinery and transport vehicles. Contractors should also install filtering and conversion equipment in the exhaust pipe to effectively reduce the emission of air pollutants. There was no reported case of investigation by the regulatory authorities as a result of excessive emission during the Reporting Period.

The Group's air pollutant data for the Year are set out in the following table:

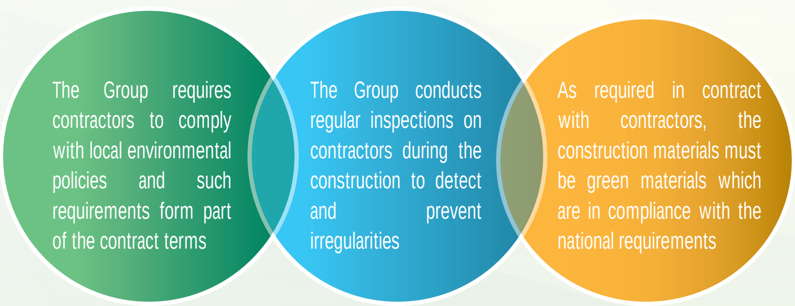
Air pollutants[1]	**2024**	2023
Nitrogen oxides (kg)	**5.18**	41.28
Sulphur oxides (kg)	**1.22**	0.64
Particulate matter (kg)	**1.62**	2.87

Note:

1. The Group's direct air pollutant emissions are mainly from emissions from motor vehicles. The calculation method and emission factors of vehicle exhaust in 2024 and 2023 are derived from the Technical Guide for Compiling Atmospheric Pollutant Emission Inventories of Road Motor Vehicles*(《道路機動車大氣污染物排放清單編製技術指南》) issued by the Ministry of Environmental Protection of China* (中國環境保護部) and the Greenhouse Gas Emission Accounting Method and Reporting Guidelines*(《溫室氣體排放核算方法與報告指南》) provided by the NDRC.

14.7 Environmental Compliance Management

To ensure that the Group complies with environmental-related laws and regulations, the engineering department will check the relevant laws and regulations on a regular basis. If there are any updates on the relevant provisions, contractors will be notified in real time and required to comply with the relevant provisions, and will be informed, trained and monitored. The Group implements the following control measures for contractors:



* The English name is for identification only.

The Group is committed to the concept of building healthy lives. The following low-carbon and green policies are implemented in an effort to reduce the negative impacts of the operating activities on the environment:

Compliance supervision

- Strictly comply with the relevant environmental and emission regulations and standards, and promptly address and report any exceedance or noncompliance

Business operation

- Identify sources of greenhouse gases, air emissions, effluents and waste and employ the best environmental practices to improve the emission performance
- Promote environmental awareness and advocate the Group's environmental philosophy and policies among staff to ensure their performance of duties in a manner consistent with the Group's environmental policy
- Aiming for sustainable development, take the environment into account in business decisions

Third parties

- Require contractors to use low-emission construction techniques and materials and continuously monitor the greenhouse gases, air emissions, effluents, waste, etc. generated by contractors in real estate projects
- Actively promote the performance of environmental obligations by business partners, suppliers and customers

To ensure to comply with environmental-related laws and regulations, the Group checks relevant laws and regulations on a regular basis. During the Reporting Period, the Group has not identified any material breaches of the laws and regulations related to environmental protection.

Appendix

Content Index of the ESG Reporting Guide of the Stock Exchange

General Disclosures and Key Performance Indicators in Environmental, Social and Governance Areas		Corresponding sections
A Environmental		
A1. Emissions	**General Disclosure** Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	13 Environmental Protection 14 Resource Usage and Emissions
	KPI A1.1 The types of emissions and respective emissions data	14 Resource Usage and Emissions
	KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	14 Resource Usage and Emissions
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	14 Resource Usage and Emissions
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	14 Resource Usage and Emissions
	KPI A1.5 Description of emission target(s) set and steps taken to achieve them	13 Environmental Protection 14 Resource Usage and Emissions
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	13 Environmental Protection 14 Resource Usage and Emissions

General Disclosures and Key Performance Indicators in Environmental, Social and Governance Areas		Corresponding sections
A2. Use of Resources	**General Disclosure** Policies on the efficient use of resources, including energy, water and other raw materials	14 Resource Usage and Emissions
	KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in 000s) and intensity (e.g. per unit of production volume, per facility)	14 Resource Usage and Emissions
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility)	14 Resource Usage and Emissions
	KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them	13 Environmental Protection 14 Resource Usage and Emissions
	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	13 Environmental Protection 14 Resource Usage and Emissions
	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	14 Resource Usage and Emissions
A3. The Environment and Natural Resources	**General Disclosure** Policies on minimising the issuer's significant impacts on the environment and natural resources	13 Environmental Protection
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	13 Environmental Protection
A4. Climate Change	**General Disclosure** Description of the significant climate- related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	14 Resource Usage and Emissions
	KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	14 Resource Usage and Emissions

General Disclosures and Key Performance Indicators in Environmental, Social and Governance Areas		Corresponding sections
B Social		
Employment and Labour Practices		
B1. Employment	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare	11 Health and Safety 12 Employment and Labour Practices
	KPI B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	12 Employment and Labour Practices
	KPI B1.2 Employee turnover rate by gender, age group and geographical region	12 Employment and Labour Practices
B2. Health and Safety	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	11 Health and Safety 12 Employment and Labour Practices
	KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	11 Health and Safety
	KPI B2.2 Lost days due to work injury	11 Health and Safety
	KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	11 Health and Safety 12 Employment and Labour Practices
B3. Development and Training	**General Disclosure** Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	12 Employment and Labour Practices
	KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	12 Employment and Labour Practices
	KPI B3.2 The average training hours completed per employee by gender and employee category.	12 Employment and Labour Practices

General Disclosures and Key Performance Indicators in Environmental, Social and Governance Areas		Corresponding sections
B4. Labour Standards	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	12 Employment and Labour Practices
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour	12 Employment and Labour Practices
	KPI B4.2 Description of steps taken to eliminate such practices when discovered	12 Employment and Labour Practices
Operating Practices		
B5. Supply Chain Management	**General Disclosure** Policies on managing environmental and social risks of the supply chain.	9 Supply Chain Management
	KPI B5.1 Number of suppliers by geographical region.	9 Supply Chain Management
	KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	9 Supply Chain Management
	KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	9 Supply Chain Management
	KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	9 Supply Chain Management

General Disclosures and Key Performance Indicators in Environmental, Social and Governance Areas		Corresponding sections
B6. Product Responsibility	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	6 Real Estate Project Quality and Advertising 9 Supply Chain Management
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	7 Customer Services
	KPI B6.2 Number of products and service related complaints received and how they are dealt with	7 Customer Services
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights	8 Intellectual Property and Personal Information Protection
	KPI B6.4 Description of quality assurance process and recall procedures	6 Real Estate Project Quality and Advertising
	KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	8 Intellectual Property and Personal Information Protection
B7. Anti-corruption	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	5 Anti-corruption
	KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	5 Anti-corruption
	KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	5 Anti-corruption
	KPI B7.3 Description of anti-corruption training provided to directors and staff.	5 Anti-corruption

General Disclosures and Key Performance Indicators in Environmental, Social and Governance Areas		Corresponding sections
B8. Community Investment	**General Disclosure** Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	10 Community Investment
	KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	10 Community Investment
	KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	10 Community Investment

Report of the Directors

The Board herein presents their report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Company is investment holding. The activities of its principal subsidiaries are set out in note 52 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 96 to 97 of this report.

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

The dividend policy of the Group is set out on page 33 to this report.

BUSINESS REVIEW

A fair review of the Group's business during the year, a discussion on the prospect of the Group's future business development, a description of the principal risks and uncertainties that the Group may be facing and an analysis of the Group's performance during the year using financial key perform indicators are provided in the Chairman's Statement on page 6 and the Management Discussion and Analysis on pages 7 to 12 of this report.

The financial risk management objectives and policies of the Group are shown in note 40 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a socially responsible corporation, the Group has endeavoured to strictly comply with laws and regulations regarding environmental protection and the Group has adopted the ecotechnology to ensure project output meets the standards and ethics in respect of environmental protection.

The Company recognizes the importance of environmental protection. The Company is committed to providing an eco-friendly energy environment for our staff and has developed energy conservation and carbon reduction policy so as to minimize negative environmental impacts.

Details of the Group's environmental policies are contained in the section headed "Environmental, Social and Governance Report" on pages 34 to 81 of this report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the financial year, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

RELATIONSHIP WITH STAKEHOLDERS

We fully understand that employees, customers and suppliers and others (together “stakeholders”) are the key to our sustainable and stable development. We are committed to maintaining a good relationship with our stakeholders so as to ensure our continuing development.

The Group regarded our staff as the most valuable assets of the Company. The Group is providing a fair and harmonious workplace where individuals with diverse cultural backgrounds are treated equally. The Group offers a reasonable remuneration package and fair opportunities for career advancement based on employees’ performance. The Group also provides our staff with different trainings, including on-the-job training and training courses provided by professional organisations in order to enhance staff development and career progression.

The Group believes that our vendors (including contractors) are equally important in building high-quality property projects. The Company proactively communicates with our vendors to ensure they are committed to delivering high-quality and sustainable output.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for each of the last five financial years is set out in the Five Years Financial Summary on page 266 of this report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as set out below, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2024.

SHARE CAPITAL

Details of the movements in the Company’s share capital during the year are set out in note 37 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Cayman Companies Act which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

RESERVES

Details of movements in the reserves of the Company during the year are set out in note 55 to the consolidated financial statements of this report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, sales to the Group's five largest customers accounted for less than 30% of the total sales of the Group for the year. Purchases from five largest suppliers accounted for less than 30% of the Group's total purchases for the year.

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

BANK AND OTHER BORROWINGS

Details of the bank and other borrowings of the Group as at 31 December 2024 are set out in note 33 to the consolidated financial statements of this report.

SENIOR NOTES AND BONDS

Details of senior notes and corporate bonds of the Company are set out in note 35 to the consolidated financial statements.

The Company has consummated the Restructuring on 20 March 2024. Pursuant to the terms of the Restructuring, obligations of the Company and its subsidiaries, which are incorporated outside of the PRC under certain senior notes and bonds and borrowings have been compromised in exchange for the affected creditors receiving certain scheme consideration. Details please refer to the paragraph headed "Completion of the Offshore Debt Restructuring".

COMPLETION OF THE OFFSHORE DEBT RESTRUCTURING

The Company has consummated the Restructuring on 20 March 2024. Pursuant to the terms of the Restructuring, obligations of the Company and its subsidiaries, which are incorporated outside of the PRC under certain senior notes and bonds and borrowings with an outstanding amount of RMB44,611 million as at 31 December 2023 have been compromised in exchange for the affected creditors receiving the following scheme consideration:

(a) under China Aoyuan Schemes: (i) USD500 million in principal amount of new notes issued by the Company, (ii) USD143 million in principal amount of mandatory convertible bonds issued by the Company, (iii) USD1,600 million in principal amount of perpetual securities issued by the Company, (iv) up to 400 million shares in the Company, which are originally beneficially owned by the sponsor and (v) up to 1,000 million newly issued shares in the Company; and

(b) under the Add Hero Schemes: (i) USD1,800 million in principal amount of new notes issued by Add Hero and (ii) USD2,871,268.49 in cash consideration.

Further details of the Restructuring are set out in the announcements and circulars of the Company from 11 October 2023 to 25 March 2024.

ISSUANCE OF NEW SHARES

On 21 March 2024, 14 April 2024, 13 May 2024, 2 August 2024 and 8 October 2024, the Company allotted and issued a total of 887,553,907 new Shares to certain eligible scheme creditors pro rata in accordance with their share of debt, under specific mandate approved at the extraordinary general meeting of the Company held on 10 January 2024, details of which are set out in the circular of the Company dated 15 December 2023.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 18 to 33 of this annual report.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2025 Annual General Meeting will be held on Thursday, 26 June 2025. For the purpose of determining the qualification as shareholders of the Company to attend and vote at the 2025 Annual General Meeting, the register of members of the Company will be closed from Monday, 23 June 2025 to Thursday, 26 June 2025, both days inclusive. In order to be eligible to attend and vote at the 2025 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 20 June 2025, being the last share registration date.

DIRECTORS

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

Executive Directors

Mr. Chen Zhi Bin
Mr. Cheng Siu Fai *(appointed on 27 May 2024)*
Mr. Tan Yi *(resigned on 27 December 2024)*

Non-Executive Directors

Mr. Mohamed Obaid Ghulam Badakkan Alobeidli *(appointed on 20 September 2024) (Chairman)*
Mr. Guo Zi Wen *(resigned as chairman of the Board and redesignated from the position of executive Director to the position of non-executive Director on 20 September 2024)*
Ms. Shi Li Li *(appointed on 27 December 2024)*
Mr. Ma Jun *(resigned on 1 April 2024)*

Independent Non-Executive Directors

Mr. Cheung Kwok Keung
Mr. Lee Thomas Kang Bor
Mr. Wong Wai Keung Frederick

According to Article 83(3) of the Articles of Association, the directors shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board from time to time or at any time. Any Director so appointed shall hold office only until the next following annual general meeting of the Company after his appointment and shall then be eligible for re-election.

According to Article 84 of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

In accordance with Article 84 of the Articles of Association, Mr. Chen Zhi Bin and Mr. Wong Wai Keung Frederick shall retire at the 2025 AGM. In accordance with Article 83(3) of the Articles of Association, Mr. Mohamed Obaid Ghulam Badakkan Alobeidli (appointed on 20 September 2024) and Ms. Shi Li Li (appointed on 27 December 2024) shall retire at the 2025 AGM. All of the above Directors, being eligible, will offer themselves for re-election at the 2025 AGM.

The Company has received annual confirmations of independence from all INEDs, and still considers them to be independent as at the date of this report.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the Directors are set out on pages 13 to 15 of this report.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

Promoting good corporate governance and managing enterprise-wide risk is a priority of the Company. The Company convinced that corporate governance and Directors and Officers Liability Insurance (the "D&O Insurance") complement each other. The Company has arranged appropriate D&O Insurance coverage on Directors' and officers' liabilities in respect of legal actions against Directors and senior management arising out from corporate activities. The D&O Insurance will be reviewed and renewed annually.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has been appointed for a term of three years subject to the provision of retirement and rotation of directors under the Articles of Association of the Company.

Each of the non-executive Directors and the independent non-executive Directors has been appointed for a term of one year at an annual remuneration set out in their appointment letters and other discretionary bonuses as may be determined by the Board according to the recommendation of the Remuneration Committee subject to the provision of retirement and rotation of Directors under the Articles of Association.

Save as disclosed above, no other Director have entered into service contract with the Company which are not determined by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN MATERIAL CONTRACTS

Save as disclosed in this annual report, no transactions, arrangements and contracts of significance, to which the Company, its subsidiaries or fellow subsidiaries, was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

There is no transactions, arrangements and contract of significance to the business of the Group between the Company, or any of its subsidiaries, or a controlling shareholder or any of its subsidiaries during the year. During the year, no transactions, arrangements and contract of significance for the provision of services to the Group by a controlling shareholder or any of its subsidiaries was made.

MANAGEMENT CONTRACT

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 during the year.

PERMITTED INDEMNITY PROVISION

During the year ended 31 December 2024 and up to the date of this annual report, the Articles of Association provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty in their respective offices, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any Director.

During the year ended 31 December 2024 and up to the date of this annual report, the Company has taken out and maintained appropriate insurance to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

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

As at 31 December 2024, the interests or short positions of the Directors of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and 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 to therein or which were required, pursuant to the Model Code were as follows:

Long position in Shares and/or underlying Shares under equity derivatives of the Company:

Name of Director	Personal interest	Corporate interest	Total	Percentage
Mr. Mohamed Obaid Ghulam Badakkan Alobeidli	–	621,728,877	621,728,877	16.14%
Mr. Guo Zi Wen	–	564,476,686 *(note)*	564,476,686	14.65%
Mr. Chen Zhi Bin	1,250,000	–	1,250,000	0.03%
Mr. Cheng Siu Fai	100,000	–	100,000	0.003%

Note:

502,232,123 Shares are registered in the name of Ace Rise Profits Limited while 62,244,563 Shares are registered in the name of Joy Pacific Group Limited. Ace Rise Profits Limited is wholly-owned by Joy Pacific Group Limited (which in turn is wholly-owned by Sturgeon Limited). Sturgeon Limited is wholly-owned by Arowana Holdings Limited, as nominee for First Advisory Trust (Singapore) Limited as the trustee holding such interests on trust for the beneficiaries of The Golden Jade Trust. The Golden Jade Trust is a discretionary family trust established under the laws and regulations of Singapore. The settlors of The Golden Jade Trust are Mr. Guo Zi Wen and Ms. Jiang Miner.

Save as disclosed above, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations as recorded in the register which were required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the Share Option Scheme, none of the Directors or their spouses or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right for the year ended 31 December 2024.

DIRECTOR'S INTEREST IN COMPETING BUSINESS

In order to eliminate competing business with the Group, on 20 September 2007, Mr. Guo Zi We and Ms. Jiang Miner, spouse of Mr. Guo Zi Wen, entered into a deed of non-competition with the Company.

In compliance with the deed of non-competition signed on 20 September 2007, each of Mr. Guo Zi Wen and Ms. Jiang Miner has made an annual declaration on his/her compliance with the non-competition undertaking.

Save as disclosed above, none of the Directors had an interest in any business which competes or may compete with the business in which the Group is engaged.

GROUP'S EMOLUMENT POLICY

The Company's policy on determining the emolument payable to Directors are based on the skill, knowledge, involvement in the Company's affairs and the performance of each Director, together with reference to the profitability of the Company, remuneration benchmarks in the industry, and prevailing market conditions. To enable the Remuneration Committee to give better advice on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised of the Group's existing remuneration policy and succession plan, such as guidelines on designing employees' remuneration packages and related market trends and information.

The details of the Directors' emoluments and senior management's remuneration for the year ended 31 December 2024 are set out in note 12 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, so far as is known to the Directors or chief executives of the Company, the following entities, not being a Director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position in shares of the Company

Name of shareholder	Capacity	Number of shares	Approximate percentage of the issued share capital
Multi Gold Group Limited (Note 1)	Beneficial owner	621,728,877	16.14%
Magnuvest Investment (Note 1)	Interest of controlled corporation	621,728,877	16.14%
Mr. Mohamed Obaid Ghulam Badakkan Alobeidli (Note 1)	Interest of controlled corporation	621,728,877	16.14%
Ace Rise Profits Limited (Note 2)	Beneficial owner	502,232,123	13.03%
Joy Pacific Group Limited (Note 2)	Interest of controlled corporation/ Beneficial owner	564,476,686	14.65%
Sturgeon Limited (Note 2)	Interest of controlled corporation	564,476,686	14.65%
Arowana Holdings Ltd. (Note 2)	Interest of controlled corporation	564,476,686	14.65%
First Advisory Trust (Singapore) Limited (Note 2)	Trustee	564,476,686	14.65%
Ms. Jiang Miner (Note 2)	Settlor of The Golden Jade Trust	564,476,686	14.65%
GIC Private Limited (Note 3)	Interest of controlled corporation/ Investment manager	226,883,161	5.89%

Notes:

(1) *The Shares were directly held by Multi Gold Group Limited, which is wholly-owned by Magnuvest Investment. Mr. Mohamed Obaid Ghulam Badakkan Alobeidli is the sole shareholder of Magnuvest Investment.*

(2) *The 502,232,123 Shares are registered in the name of Ace Rise Profits Limited, while 62,244,563 Shares are registered in the name of Joy Pacific Group Limited. Ace Rise Profits Limited is wholly-owned by Joy Pacific Group Limited (which in turn is wholly owned by Sturgeon Limited). Sturgeon Limited is wholly owned by Arowana Holdings Ltd., as nominee for First Advisory Trust (Singapore) Ltd. as the trustee holding such interests on trust for the beneficiaries of The Golden Jade Trust. The Golden Jade Trust is a discretionary family trust established under the laws and regulations of Singapore. The settlors of The Golden Jade Trust are Mr. Guo Zi Wen and Ms. Jiang Miner.*

(3) *185,193,023 Shares were held by GIC Private Limited in the capacity as investment manager. 41,690,138 Shares were directly held by Deltabona Investment Pte. Ltd., which is wholly-owned by Deltavest Pte. Ltd. Deltavest Pte. Ltd. is wholly-owned by Eurovest Pte Ltd., which is wholly owned by GIC Private Limited.*

Save as disclosed above, as at 31 December 2024, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Share Option Scheme was approved and adopted by the Shareholders at the annual general meeting of the Company held on 29 May 2018, which shall be valid and effective for a period of 10 years from 29 May 2018. The purpose of the Share Option Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and/or enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

Eligible participants of the Share Option Scheme include mainly the Directors, employees, suppliers of goods or services, customers, shareholders, business partners and professional advisers of the Company.

The maximum number of Shares which may be issued upon exercise of all share options to be granted and granted under the Share Option Scheme is 268,157,135 shares of the Company, representing 10.00% of the total number of issued shares of the Company as at 29 May 2018 (being the date of the annual general meeting of the Company approving the Share Option Scheme).

The maximum number of Shares issuable under the share options to each eligible participant in the Share Option Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue as at any time. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting. The exercise period of the share options granted is determinable by the Directors, save that the period commences on the date on which the offer is made and ends on a date which is not later than 10 years from the date of the offer of the share options subject to any provisions of the Share Option Scheme determining the rights of the grantees. The offer of a grant of share option may be accepted within 30 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee.

The exercise price of the share options is determinable by the Directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of a share of the Company.

There were no share option granted, exercised, expired, cancelled/lapsed and outstanding under the Share Option Scheme during the year ended 31 December 2024, therefore the weighted average closing price of the shares immediately before the dates on which the options were exercised or vested pursuant to Rule 17.07(1) (d) of the Listing Rules is not available.

Pursuant to Rule 17.07(2) of the Listing Rules, the total number of share options available for grant under the Share Option Scheme as at 1 January 2024 and 31 December 2024 were 243,157,135 and 243,157,135 respectively.

Pursuant to Rule 17.09(3) of the Listing Rules, the total number of share options available for grant under the Share Option Scheme as at 31 December 2024 was 243,157,135 shares, representing approximately 6.31% of the ordinary shares of the Company at issue as at the date of this annual report.

Pursuant to Rule 17.09(9) of the Listing Rules, as at 31 December, 2024, the remaining life of the Share Option Scheme is 3 years and 5 months.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules during the year and up to the date of this report.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date, there have been no other important events that have a significant impact on the Group.

INDEPENDENT AUDITOR

As disclosed in the announcement of the Company dated 26 January 2022, Deloitte Touche Tohmatsu ("Deloitte") resigned as the auditor of the Company with effect from 25 January 2022. The Board resolved, having regard to the recommendation from the Audit Committee, to approve the appointment of SHINEWING (HK) CPA Limited ("SHINEWING") as the new auditor of the Company to fill the casual vacancy following the resignation of Deloitte. Save as disclosed above, there was no change in the external auditor of the Company for the three years preceding the date of this annual report.

The financial statements for the year ended 31 December 2024 have been audited by SHINEWING who will retire and, being eligible, offer itself for re-appointment at the 2024 AGM. It is the auditor's responsibility to form an independent opinion, based on their audit, on those financial statements and to report their opinion solely to the Company and for no other purpose. They do not assume responsibility towards or accept liability to any other person for the contents of the independent auditor's report.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 93 to 95 to this report.

On behalf of the Board
Chen Zhi Bin
Executive Director

Hong Kong, 25 March 2025

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

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

To the shareholders of China Aoyuan Group Limited
(incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China Aoyuan Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 96 to 265, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2024. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the "Basis for Disclaimer of Opinion" section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties related to going concern

We draw attention to note 2 to the consolidated financial statements prepared by the directors of the Company (the "Directors"), which states that for the year ended 31 December 2024, the Group recorded a net loss of approximately RMB2,097 million and a net operating cash outflow. As at 31 December 2024, the Group's current liabilities exceeded its current assets by approximately RMB20,002 million. At the same date, the Group's total bank and other borrowings and senior notes and bonds amounted to approximately RMB73,805 million, out of which RMB53,662 million will be due for repayment within the next twelve months from the end of the reporting period. Further, the Group has contracted but not provided for commitments for properties for sale and investment properties, including its share of commitments made jointly with other investors relating to its joint ventures in aggregate of approximately RMB16,777 million, while the Group has only total bank balances and cash (including restricted bank deposits) of approximately RMB3,141 million. In addition, as at 31 December 2024 and as of the date of approval of these consolidated financial statements, the Group has certain litigations with its business partners regarding the settlement of overdue liabilities, details of which are set out in note 54 to these consolidated financial statements. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Notwithstanding the abovementioned, these consolidated financial statements have been prepared by the Directors on a going concern basis, the validity of which depends upon the successful outcome of the Group's various plans and measures, as set out in note 2 to these consolidated financial statements, to mitigate its liquidity pressure and to improve its financial performance, which are subject to multiple uncertainties.

As a result of the multiple uncertainties, their potential interaction and the possible cumulative effect thereof, we are unable to form an opinion as to whether the going concern basis of preparation of these consolidated financial statements as adopted by the Directors is appropriate. Should the Group fail to achieve the intended effects resulting from the various plans and measures as mentioned in note 2 to these consolidated financial statements, it might not be able to operate as a going concern, and adjustments would have to be made to reduce the carrying amounts of the Group's assets to their realisable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of all these potential adjustments have not been reflected in these consolidated financial statements of the Group for the year ended 31 December 2024.

RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lau Kai Wong
Practising Certificate Number: P06623

Hong Kong
25 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	(6)		
Contracts with customers		**9,491,763**	27,333,914
Leases		**183,098**	199,402
Total revenue		**9,674,861**	27,533,316
Cost of sales		**(25,863,564)**	(28,987,028)
Gross loss		**(16,188,703)**	(1,453,712)
Other income, gains and losses, net	(8)	**23,453,112**	(1,383,563)
Change in fair value of investment properties		**(511,464)**	(265,319)
Selling and distribution expenses		**(538,817)**	(1,029,736)
Administrative expenses		**(953,941)**	(2,058,755)
Loss on disposal of subsidiaries	(43)	**(769,399)**	(1,600,959)
Share of results of joint ventures		**175,939**	223,873
Share of results of associates		**(82,783)**	41,160
Finance costs	(9)	**(4,065,325)**	(287,558)
Profit/(loss) before tax	(10)	**518,619**	(7,814,569)
Income tax expenses	(11)	**(2,615,256)**	(1,826,058)
LOSS FOR THE YEAR		**(2,096,637)**	(9,640,627)
Attributable to:			
Owners of the Company		**35,033**	(9,533,566)
Non-controlling interests		**(2,131,670)**	(107,061)
		(2,096,637)	(9,640,627)

	NOTES	**2024 RMB'000**	2023 RMB'000
OTHER COMPREHENSIVE INCOME/(EXPENSES)			
Item that will not be reclassified to profit or loss in subsequent periods:			
Fair value gain on equity instruments designated at fair value through other comprehensive income ("FVTOCI")		**14,520**	11,503
Item that may be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation of foreign operations		**79,960**	(1,953)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**94,480**	9,550
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR		**(2,002,157)**	(9,631,077)
Attributable to:			
– Owners of the Company		**129,513**	(9,524,016)
– Non-controlling interests		**(2,131,670)**	(107,061)
		(2,002,157)	(9,631,077)
Earnings/(loss) per share (RMB cents)			
Basic	(14)	**0.71**	(321.47)
Diluted	(14)	**0.71**	(321.47)

Consolidated Statement of Financial Position

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	(15)	**2,815,515**	3,240,856
Right-of-use assets	(16)	**662,706**	752,936
Investment properties	(17)	**9,014,568**	10,841,410
Goodwill	(18)	**509,978**	623,679
Intangible assets	(19)	**–**	–
Interests in joint ventures	(20)	**2,406,440**	2,234,332
Interests in associates	(21)	**863,229**	1,325,627
Financial assets at fair value through profit or loss ("FVTPL")	(29)	**266,999**	259,217
Equity instruments designated at FVTOCI	(22)	**367,868**	353,348
Deferred tax assets	(23)	**136,683**	1,929,067
Total non-current assets		**17,043,986**	21,560,472
CURRENT ASSETS			
Properties for sale	(26)	**95,692,723**	125,463,115
Inventories		**164,174**	181,083
Trade and other receivables	(27)	**25,745,348**	29,042,516
Amounts due from non-controlling shareholders of subsidiaries	(24)	**1,024,474**	1,077,034
Amounts due from joint ventures	(25)	**11,339,942**	10,837,609
Amounts due from associates	(28)	**599,657**	701,923
Financial assets at FVTPL	(29)	**30,611**	30,597
Tax recoverable		**4,723,497**	5,027,753
Restricted bank deposits	(30)	**2,254,277**	3,590,555
Bank balances and cash	(30)	**886,427**	1,858,831
Total current assets		**142,461,130**	177,811,016

	NOTES	2024 RMB'000	2023 RMB'000
CURRENT LIABILITIES			
Trade and other payables	(31)	**58,659,823**	57,059,766
Contract liabilities	(32)	**27,759,433**	38,711,216
Amounts due to non-controlling shareholders of subsidiaries	(24)	**1,848,801**	2,005,845
Amounts due to joint ventures	(25)	**7,393,811**	7,670,480
Amounts due to associates	(28)	**1,168,730**	1,180,869
Tax liabilities		**10,832,468**	10,094,910
Bank and other borrowings	(33)	**48,932,257**	67,394,753
Lease liabilities	(34)	**427,331**	394,837
Senior notes and bonds	(35)	**4,729,437**	28,390,473
Convertible bonds	(36)	**710,685**	–
Total current liabilities		**162,462,776**	212,903,149
Net current liabilities		**(20,001,646)**	(35,092,133)
Total assets less current liabilities		**(2,957,660)**	(13,531,661)
Non-current liabilities			
Bank and other borrowings	(33)	**2,247,965**	4,365,038
Deferred tax liabilities	(23)	**1,051,472**	1,192,665
Lease liabilities	(34)	**1,144,338**	1,119,379
Senior notes and bonds	(35)	**17,895,155**	7,300,932
Deferred income		**571,047**	574,178
Total non-current liabilities		**22,909,977**	14,552,192
Net liabilities		**(25,867,637)**	(28,083,853)

	NOTES	2024 RMB'000	2023 RMB'000
EQUITY			
Capital and reserves			
Share capital	(37)	**35,777**	27,726
Reserves		**(27,847,615)**	(32,209,205)
Equity attributable to owners of the Company		**(27,811,838)**	(32,181,479)
Non-controlling interests		**1,944,201**	4,097,626
TOTAL EQUITY		**(25,867,637)**	(28,083,853)

The consolidated financial statements on pages 96 to 265 were approved and authorised for issue by the Board of Directors on 25 March 2025 and are signed on its behalf by:

Chen Zhi Bin
Director

Cheng Siu Fai
Director

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Statutory reserve RMB'000 (Note a)	Special reserve RMB'000 (Note b)	Translation reserve RMB'000	Revaluation reserve RMB'000 (Note c)	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2023	27,726	5,103,113	1,151	623,718	289,243	6,859	(10,400)	(28,758,825)	(22,717,415)	5,080,519	(17,636,896)
Loss for the year	–	–	–	–	–	–	–	(9,533,566)	(9,533,566)	(107,061)	(9,640,627)
Fair value gain on equity instruments at FVTOCI	–	–	–	–	–	–	11,503	–	11,503	–	11,503
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(1,953)	–	–	(1,953)	–	(1,953)
Other comprehensive expenses for the year	–	–	–	–	–	(1,953)	11,503	–	9,550	–	9,550
Total comprehensive (expenses)/ income for the year	–	–	–	–	–	(1,953)	11,503	(9,533,566)	(9,524,016)	(107,061)	(9,631,077)
Disposal of subsidiaries (note 43)	–	–	–	–	–	–	–	–	–	(911,342)	(911,342)
Transfer of fair value reserve upon the disposal of equity investments at FVTOCI	–	–	–	–	–	–	(34,209)	34,209	–	–	–
Disposal of partial interest in a subsidiary without loss of control (note 44)	–	–	–	–	(17,488)	–	–	–	(17,488)	190,441	172,953
Acquisitions of additional interests from non-controlling shareholders of subsidiaries (note 42)	–	–	–	–	77,440	–	–	–	77,440	(118,950)	(41,510)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	(35,981)	(35,981)
At 31 December 2023	27,726	5,103,113	1,151	623,718	349,195	4,906	(33,106)	(38,258,182)	(32,181,479)	4,097,626	(28,083,853)

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2024

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Statutory reserve RMB'000 (Note a)	Special reserve RMB'000 (Note b)	Translation reserve RMB'000	Revaluation reserve RMB'000 (Note c)	Other reserve RMB'000 (Note e)	Accumulated losses RMB'000	Perpetual capital securities RMB'000 (Note d)	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2024	27,726	5,103,113	1,151	623,718	349,195	4,906	(33,106)	-	(38,258,182)	-	(32,181,479)	4,097,626	(28,083,853)
Loss for the year	-	-	-	-	-	-	-	-	35,033	-	35,033	(2,131,670)	(2,096,637)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	79,960	-	-	-	-	79,960	-	79,960
Fair value gain on equity instruments at FVTOCI	-	-	-	-	-	-	14,520	-	-	-	14,520	-	14,520
Other comprehensive expenses for the year	-	-	-	-	-	79,960	14,520	-	-	-	94,480	-	94,480
Total comprehensive (expenses)/income for the year	-	-	-	-	-	79,960	14,520	-	35,033	-	129,513	(2,131,670)	(2,002,157)
Issue of new shares (note 37)	8,051	120,764	-	-	-	-	-	-	-	-	128,815	-	128,815
Disposal of subsidiaries (note 43)	-	-	-	-	-	-	-	-	-	-	-	(49,341)	(49,341)
Acquisitions of additional interests from non-controlling shareholders of subsidiaries (note 42)	-	-	-	-	(33,226)	-	-	-	-	-	(33,226)	33,226	-
Issuance of perpetual capital securities (note 38)	-	-	-	-	-	-	-	-	-	4,086,485	4,086,485	-	4,086,485
Contribution from a controlling shareholder	-	-	-	-	-	-	-	58,054	-	-	58,054	-	58,054
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	4,900	4,900
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(10,540)	(10,540)
At 31 December 2024	35,777	5,223,877	1,151	623,718	315,969	84,866	(18,586)	58,054	(38,223,149)	4,086,485	(27,811,838)	1,944,201	(25,867,637)

Notes:

(a) The statutory reserve represents the amount transferred from net profit for the year of the subsidiaries established in the People's Republic of China (the "PRC") based on the subsidiaries' PRC statutory financial statements in accordance with the relevant PRC laws until the statutory reserve reaches 50% of the registered capital of the subsidiaries. The statutory reserve cannot be reduced except either in setting off the accumulated losses or increasing capital.

(b) Special reserve represents amounts arising from the acquisitions of additional equity interests in subsidiaries from non-controlling shareholders of subsidiaries or disposal/deemed disposal of equity interests in subsidiaries without losing control. It represents the difference between the consideration paid or received and the adjustment to the non-controlling interests in subsidiaries.

(c) Revaluation reserve represents (i) revaluation surplus arising from transfer of owner-occupied properties to investment properties at the date of change in use amounted to RMB45,205,000 net of related deferred tax during the year ended 31 December 2007; and (ii) cumulative revaluation deficit of RMB63,791,000 (2023: RMB78,311,000) arising from fair value changes on equity instruments designated at FVTOCI.

(d) The perpetual capital securities were issued by the Company. Detailed information of the perpetual capital securities is disclosed in note 38.

(e) Other reserve represents the contribution to the Group made by the controlling shareholder of the Company, Mr. Guo Zi Wen, by transferring certain of his shares of the Company to settle the Group's offshore debts as part of the debt restructuring.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES		
Profit/(loss) before tax	**518,619**	(7,814,569)
Adjustments for:		
Change in fair value of investment properties	**511,464**	265,319
Gain on change in fair value of financial assets at FVTPL	**(7,796)**	–
Investment return from financial assets at FVTPL	**(6,433)**	(5,119)
Finance costs	**4,065,325**	287,558
Share of results of joint ventures	**(175,939)**	(223,873)
Share of results of associates	**82,783**	(41,160)
Loss on disposal of subsidiaries	**769,399**	1,600,959
Loss/(gain) on disposal of joint ventures and associates	**162,113**	(192,356)
Loss on disposal of assets	**85,448**	–
Bank interest income	**(14,065)**	(34,920)
Other interest income	**(36,906)**	(70,104)
Depreciation of property, plant and equipment	**305,409**	230,714
Depreciation of right-of-use assets	**90,230**	158,865
Amortisation of intangible assets	**–**	6,557
Gain on disposal property, plant and equipment	**(2,596)**	(3,425)
Loss on disposal of investment property	**176,938**	893,698
Fair value change of convertible bonds	**41,279**	–
Exchange losses, net	**54,682**	569,937
Impairment losses on and write-off of properties for sale	**16,818,773**	1,787,929
Impairment losses on trade and other receivables	**1,675,308**	203,789
Impairment losses on amounts due from joint ventures	**–**	167,538
(Reversal of impairment loss)/impairment loss on amounts due from NCI	**(10,506)**	48,992
Impairment losses on interests in associates	**101,371**	–
Impairment losses on property, plant and equipment	**85,045**	151,555
Impairment losses on goodwill	**113,701**	55,151
Gain on restructuring of the offshore indebtedness	**(26,154,924)**	–
Loss on debt settlement in specie	**476,979**	–
Amortisation of deferred income	**(73)**	(12,628)
Operating cash flows before movements in working capital	**(274,372)**	(1,969,593)
Changes in restricted cash	**846,719**	(349,456)
Decrease in inventories	**16,688**	12,009
Decrease in properties for sale	**3,898,871**	13,944,129
Decrease in trade and other receivables	**90,761**	3,595,818
Increase in trade and other payables	**1,217,009**	2,691,066
Decrease in contract liabilities	**(5,475,671)**	(18,632,308)
(Decrease)/increase in deferred income	**(3,058)**	14,570
Cash from/(used in) operations	**316,947**	(693,765)
Income tax paid	**(260,282)**	(160,362)
Interest paid	**(194,780)**	(109,267)
NET CASH USED IN OPERATING ACTIVITIES	**(138,115)**	(963,394)

	2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES		
Net cash inflow from acquisitions of subsidiaries	**27,148**	174,453
Purchases of property, plant and equipment	**(7,667)**	(10,663)
Advances to NCI	**(22,882)**	(318,247)
Repayments from NCI	**67,676**	459,241
Advances to joint ventures	**(389,845)**	(324,855)
Repayments from joint ventures	**265,787**	299,314
Advances to associates	**(35,305)**	(236,589)
Repayments from associates	**5,953**	79,547
Investments in financial assets at FVTPL	**–**	(65,810)
Net cash outflow from disposals of subsidiaries	**(46,350)**	(828,715)
Interest received	**14,065**	105,024
Proceeds on disposal of property, plant and equipment	**44,362**	130,162
Proceeds from disposals of investment properties	**–**	89,536
Proceeds from disposals of joint ventures	**41,295**	84,000
Proceeds from disposals of associates	**82,948**	3,418
Net cash outflow from disposals of subsidiaries classified as held for sale	**–**	(67,704)
Proceeds from disposal of assets	**294,359**	–
Proceeds from disposal of financial assets at FVTPL	**–**	108,729
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	**341,544**	(319,159)

	2024 RMB'000	2023 RMB'000
FINANCING ACTIVITIES		
New bank and other borrowings raised	**15,000**	866,914
Repayment of bank and other borrowings	**(1,040,891)**	(3,423,898)
Settlement of senior notes and bonds	**(40,350)**	(11,589)
Repayment of lease liabilities	**(51,614)**	(14,732)
Interest paid on lease liabilities	**(12,118)**	(131,214)
Advances from NCI	**116,647**	300,507
Repayments to NCI	**(37,321)**	(59,000)
Advances from joint ventures	**148,973**	347,921
Repayments to joint ventures	**(254,640)**	(55,101)
Advances from associates	**44,437**	71,847
Repayments to associates	**(58,016)**	(20,918)
Dividends paid to NCI of the Company	**(10,540)**	(35,981)
Acquisition of additional interests from NCI	**–**	(41,510)
Disposal of partial interest in a subsidiary without loss of control	**–**	172,953
Contribution from NCI	**4,900**	–
NET CASH USED IN FINANCING ACTIVITIES	**(1,175,533)**	(2,033,801)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(972,104)**	(3,316,354)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**1,858,831**	5,177,996
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(300)**	(2,811)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**886,427**	1,858,831

1. GENERAL INFORMATION

China Aoyuan Group Limited (the "Company") is a limited company incorporated in the Cayman Islands ("Cayman") and its shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK"). The addresses of the registered office and the principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

In the opinion of the directors, at the end of the reporting period and up to the date of approval of these consolidated financial statement, the Company does not have any holding company. Details of the principal activities of its subsidiaries are set out in note 52.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company (the "Directors") have, at the time of approving the consolidated financial statements, a reasonable expectation that the Company and its subsidiaries (collectively referred to as the "Group") has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Going concern basis

For the year ended 31 December 2024, the Group recorded a net loss of approximately RMB2,097 million and a net operating cash outflow. As at 31 December 2024, the Group's current liabilities exceeded its current assets by approximately RMB20,002 million. At the same date, the Group's total bank and other borrowings and senior notes and bonds amounted to approximately RMB73,805 million, out of which approximately RMB53,662 million will be due for repayment within the next twelve months from the end of the reporting period. Further, the Group has contracted but not provided for commitments for properties for sale and investment properties, including its share of commitments made jointly with other investors relating to its joint ventures, in aggregate of approximately RMB16,777 million, while the Group has only total bank balances and cash (including restricted bank deposits) of approximately RMB3,141 million.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Going concern basis (Continued)

On 20 March 2024, the Company consummated a holistic restructuring of the Group's material offshore indebtedness (the "Restructuring"), implemented through parallel schemes of arrangement (the "Schemes") in Hong Kong, Cayman and the British Virgin Islands. Pursuant to the terms of the Schemes, the obligations of the Group under certain senior notes and bonds and borrowings have been compromised in exchange for the affected creditors receiving various instruments and shares in the Company and the Group has achieved a significant deleveraging of its financial position. As such, the Directors consider that the Group's overall liabilities and payment obligations are reduced and short-term liquidity pressure are partially alleviated.

Further details of the Restructuring, including the Schemes, were set out in the Company's announcements dated 15 December 2023, 29 January 2024, 20 March 2024 and 25 March 2024.

However, the real estate sector in the PRC continues to face persistent challenges and ongoing volatility. The Group experienced a significant decline of its contracted sales of property in 2024, which adversely impacted the Group's cash receipts from sales and pre-sales of properties.

In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Directors had implemented or are in the process of implementing the following measures:

(a) The Group has been actively negotiating with various onshore lenders on the renewal and extension of borrowings. As at the date of approval of these consolidated financial statements, the Group has entered into contractual arrangements with certain onshore financial institutions to extend the maturity of existing onshore financing arrangements, involving onshore borrowings of approximately RMB9,395 million in principal amount. The Directors consider that the Group will be able to extend the repayment period for its other onshore financing arrangements.

(b) The Group has been actively exploring potential asset disposal opportunities to create liquidity for, inter alia, repayment of the various instruments which are issued pursuant to the Schemes.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Going concern basis (Continued)

(c) To ensure the stability and sustainable operation of the Group's business, the Group has consolidated and optimised resources to revitalise the construction and sales of its properties, reducing its operating expenses and improving the Group's liquidity position, including the following measures:

(i) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables.

(ii) The Group has prioritised delivery of property development projects. As at the date of approval of these consolidated financial statements, majority of the Group's property development projects are progressing according to schedule, and the Group continues to ensure the completion and delivery of its property development projects.

(iii) The Group will continue to adopt stringent cost control and to actively implement additional measures to further reduce discretionary spending.

(iv) The Group will continue to obtain support from its contractors and suppliers in completing its property development projects.

(d) The Group has been proactive in seeking ways to settle the outstanding litigations of the Group. The Directors believed that the Group will reach an amicable solution to address claims and disputes where the outcome is not certain at this stage.

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

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned above, adjustments would have to be made to reduce the carrying amounts of the Group's assets to their realisable amounts, to provide for any further liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of all these potential adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2024.

3. APPLICATION OF AMENDMENTS TO IFRSs

Application of amendments to IFRSs

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

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

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

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

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

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

3. APPLICATION OF AMENDMENTS TO IFRSs (Continued)

New and amendments to IFRSs issued but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 Effective for annual periods beginning on or after a date to be determined

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

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18, and the consequential amendments to other IFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the IFRS 18 is not expected to have material impact on the financial position of the Group. The directors are in the process of making an assessment of the impact of IFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The consolidated financial statements have been prepared in accordance with IFRSs. 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 SEHK and by the Hong Kong Companies Ordinance.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of consolidation (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised 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 Group 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.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of consolidation (Continued)

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 of the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component 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.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of consolidation (Continued)

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

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.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing 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 including reserves and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries 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 recognised 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 derecognised. A gain or loss is recognised 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 recognised 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 specific/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 ("IFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to properties for sale and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

Businesses combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes ("IAS 12") and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangement of the acquiree or share-based payment arrangement of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see the accounting policy below);

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5") are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amounts of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests, unless as required by another standards, are measured at their acquisition-date fair value.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Goodwill (Continued)

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

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.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except for the investments classified as held for sale in which case it is accounted for in accordance with IFRS 5. Under the equity method, investments in associates and joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and changes in the other comprehensive income of the associates and joint ventures are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

If an associate or a joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's or joint venture's accounting policies conform to those of the Group when the associate's or joint venture's financial statements are used by the Group in applying the equity method.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Investments in associates and joint ventures (Continued)

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When there is any objective evidence that interests in associate or joint venture may be impaired, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised 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 recognised to the extent that the recoverable amount of the net investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal or partial disposal of the relevant associate or joint venture.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Investments in associates and joint ventures (Continued)

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

Revenue from contracts with customers

The Group recognises 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 customers.

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 recognised 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 asset is created or enhanced; 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 recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

Contract assets and contract liabilities

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 liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

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

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

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.

4. 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 recognises such costs (agency commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

Costs to fulfil a contract

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

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

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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 after the date of initial application of IFRS 16 Leases 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 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 stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of buildings, office equipment and transportation vehicles 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 leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

4. 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.

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.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

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 for sale", respectively.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

The Group as a lessee (Continued)

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 recognises 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.

The lease payments include:

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

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

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 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.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as 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 recognised in profit or loss on a straight-line basis over the term of the relevant lease.

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

Refundable rental deposits

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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 recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates or joint ventures.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into presentation currency (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (and attributed to non-controlling interests as appropriate).

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Foreign currencies (Continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate or joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associate or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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.

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income, gains and losses, net".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans and stated-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation

Income tax expense represents the sum of current and deferred income tax.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation (Continued)

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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

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 used 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment including buildings that are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below) 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 recognised 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 capitalised 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.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment, except for building under development/construction in progress to its residual value over its estimated useful life. The estimated useful lives, residual values and depreciation method are reviewed at each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives or the principal annual rates of items of property, plant and equipment are as follows:

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment and depreciation (Continued)

	Useful lives
Buildings	Over the shorter of the relevant lease term or 3% – 5% per annum
Office equipment	3 to 5 years
Transportation vehicles	3 to 15 years
Leasehold improvements	Over the shorter of relevant lease term or 3 to 10 years
Plant and machinery	5 to 15 years

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

Investment properties

Investment properties are properties and/or land held to earn rentals and/or for capital appreciation (including investment properties under construction for such purpose).

Investment properties are initially measured at cost, including directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values, adjusted to exclude 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.

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets acquired in business combination with finite useful lives are reported at costs less accumulated amortisation 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.

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

The intangible assets in relation to property management contracts have finite useful lives and are amortised on a straight-line basis over the remaining term ranging from two to ten years.

The intangible assets in relation to patent and customer relationship of chemical fiber products manufacturing is amortised on a straight-line basis over a term of five years based on the management of the Company's best estimate.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (see accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

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 ("CGU") to which the asset belongs.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (see accounting policy in respect of goodwill above) (Continued)

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

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised 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 recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the CGU to which they belong for the purpose of evaluating impairment of that CGU.

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 CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) 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 CGU, the group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. 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 CGUs. 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 CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or the group of CGUs) 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 recognised for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Properties for sale

Properties for/under development which are intended to be sold upon completion of development and properties 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 for/under development/properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

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

Inventories

Inventories represent trading merchandises are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and 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 recognised 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).

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised 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 and financial liabilities at 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 recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised 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 payment (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 amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of 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 recognised by an acquirer in a business combination to which IFRS 3 Business Combinations ("IFRS 3") applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised 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 recognised by applying the effective interest rate to the amortised 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 recognised 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.

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in revaluation reserve; and are not subject to impairment assessment.

Dividends on these investments in equity instruments are recognised 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, gains and losses" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised 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 recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other income, gains and losses, net" line item.

4. 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

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, amounts due from NCI, joint ventures and associates, restricted bank deposits and bank balances and cash) and other items 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.

The Group always recognises lifetime ECL for trade 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 recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase 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;

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk (Continued)

- 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 on a financial asset 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.

Despite the foregoing, 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) the debt instrument has a low risk of default, ii) the debtor 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. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk (Continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitments is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, 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 before the amount becomes past due.

(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).

Irrespective of the above, the Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default 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;

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(iii) Credit-impaired financial assets (Continued)

(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;

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

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL (Continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

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 of 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.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL (Continued)

The grouping is regularly reviewed by the 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 amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables, where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised 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 revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits/ accumulated losses.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or 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 Group are recognised at the proceeds received, net of direct issue costs.

Perpetual capital securities issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavourable to the Group, are classified as equity instruments and are initially recorded at the proceeds received.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities is classified as at FVPTL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies; (ii) held for trading or (iii) it is designated at FVTPL.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, amounts due to NCI, joint ventures and associates, bank and other borrowings and senior notes and bonds) are subsequently measured at amortised cost using the effective interest method.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial guarantee contracts

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

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, when appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises 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 derecognised and the consideration paid and payable is recognised in profit or loss.

Convertible Bonds

Conversion loan notes issued by the Group that contain both liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, both the liability and conversion option components are recognised at fair value.

In subsequent periods, the liability component of the convertible loan note is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the management of the Group are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying accounting policies

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

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

Going concern basis

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that may individually or collectively cast a significant doubt upon the going concern assumption are set out in note 2 to the consolidated financial statements.

Deferred taxation on investment properties

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

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

Critical judgment in applying accounting policies (Continued)

Control over Aoyuan Beauty Valley Technology Co., Ltd ("Aoyuan Beauty Valley") and its subsidiaries (the "Aoyuan Beauty Valley Group")

The Aoyuan Beauty Valley Group is accounted for as subsidiaries of the Group although the Group holds 22.54% (2023: 22.54%) ownership interests and voting rights in Aoyuan Beauty Valley Group and the remaining equity interests of the Aoyuan Beauty Valley Group are owned by shareholders that are unrelated to the Group. Details of these are set out in note 52.

The management of the Group assessed whether or not the Group has control over the Aoyuan Beauty Valley Group based on whether the Group has practical ability to direct the relevant activities of the entity unilaterally. In making the judgement, management considered the Group's power in making decisions over the relevant activities of the Aoyuan Beauty Valley Group at different times throughout its life in accordance with memorandum of associations, such as the approval of the operation plan and budget, appointing, remunerating and terminating the key management personnel. After assessment, management concluded that the Group has control over the Aoyuan Beauty Valley Group as its relevant activities are approved by a simple majority of the board of directors of Aoyuan Beauty Valley and the Group is able to appoint more than half of the board of directors of Aoyuan Beauty Valley in which the Group has the practical ability to direct the relevant activities at shareholders' meetings.

Classification of subsidiaries, joint ventures and associates

The classification of an investment as a subsidiary, a joint venture or an associate is based on whether the Group is determined to have control, joint control or significant influence over the investee, which involves judgements through the analysis of various factors, including the Group's representation on the chief decision-making authorities of an investee, such as board of directors' meetings and shareholders' meetings, as well as other facts and circumstances. Subsidiaries are consolidated, which means each of their assets, liabilities and transactions is included line by line in the Group's consolidated financial statements, whereas the interests in joint ventures and associates are equity accounted for as investments in the consolidated statement of financial position.

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

Key sources of estimation uncertainty

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.

Estimated impairment of goodwill

Determining whether goodwill are impaired requires an estimation of the recoverable amount of the CGUs to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU (or a group of CGUs) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a further impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty and volatility in financial markets.

As at 31 December 2024, the carrying amount of goodwill is approximately RMB509,978,000 (2023: RMB623,679,000). Details of the impairment assessment are disclosed in note 18.

Fair value measurements of investment properties

The investment properties of the Group are measured at fair value for financial reporting purposes. The management of the Company have set up a property valuation team, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an investment property, the Group uses market-observable data to the extent it is available. The Group engages qualified external valuers to perform the valuation. The valuation team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

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

Key sources of estimation uncertainty (Continued)

Fair value measurements of investment properties (Continued)

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of investment properties. Note 17 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties. 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 31 December 2024, the carrying amount of the Group's investment properties is approximately RMB9,014,568,000 (2023: RMB10,841,410,000).

Determination of net realisable value of properties for sale

Properties for sale are stated at the lower of the cost and net realisable value. The net realisable value is the estimated selling price (which has taken into account a number of factors including recent prices achieved for similar property types in the same project or by similar properties, and the prevailing and forecasted real estate market conditions in the PRC and Hong Kong) less estimated costs to completion (if any), estimated selling expenses and estimated other taxes, which are determined based on best available information. Where there is any decrease in the estimated selling price arising or increase in costs arising from any changes to the property market conditions, there may be written down on the properties under development for sale and completed properties for sale.

As at 31 December 2024, the aggregate carrying amount of properties for sale amounted to approximately RMB95,692,723,000 (2023: RMB125,463,115,000), net of impairment loss on properties for sale approximately RMB10,089,067,000 (2023: RMB6,952,361,000), which are located in the PRC and Hong Kong.

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

Key sources of estimation uncertainty (Continued)

Impairment of non-financial assets (other than goodwill)

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

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; and (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less cost of disposal and value in use. If there is a significant adverse change in recoverable amount, further impairment loss may be necessary to recognise in the consolidated statement of profit or loss and other comprehensive income.

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

Key sources of estimation uncertainty (Continued)

LAT

The Group is subject to LAT in the PRC. LAT is prepaid when properties are pre-sold to the buyers and is provided when properties are delivered to the buyers and revenue is recognised. The appropriateness of the rates used are determined by the appreciation of land value. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their LAT calculations and payments with local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. The amount of the land appreciation is determined with reference to proceeds of the sales of properties less the estimated deductible expenditures, including the cost of land use rights and relevant property development expenditures. The Group recognised the LAT based on 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 and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

Deferred tax assets

As at 31 December 2024, a deferred tax asset of RMB315,700,000 (deferred tax asset 2023: RMB2,023,459,000) in relation to unused tax losses for certain subsidiaries has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of approximately RMB50,287,054,000 (2023: RMB42,555,938,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

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

Key sources of estimation uncertainty (Continued)

Provision of ECL for amounts due from NCI, joint ventures and associates and trade and other receivables

Trade receivables with significant balances are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

At the end of the reporting period, the Directors have assessed the past due status of the amounts due from NCI, joint ventures and associates, the financial position of those debtors as well as the economic outlook of the industries in which those debtors operate, and concluded that there has not been a significant increase in the credit risk since initial recognition of the amounts. Accordingly, the loss allowance for the amounts due from NCI, joint ventures and associates is measured at an amount equal to 12-month ECL.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's amounts due from NCI, joint ventures, associates and trade and other receivables are disclosed in note 40.

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

Key sources of estimation uncertainty (Continued)

Impairment of investment in associates and joint ventures

As at 31 December 2024, considering the existence of the of impairment indicators, the Group performed impairment assessment on certain associates and joint ventures. Determining whether impairments loss should be recognised requires an estimation of the recoverable amounts of the relevant investments in associates/joint ventures which are the higher of value in use and fair value less costs of disposal. The value in use calculation requires the management of the Group to estimate the present value of the estimated cash flows expected to arise from dividends to be received from the associates/joint ventures and the proceeds from the ultimate disposals of the investment taking into account factors, including discount rate. In cases where the actual cash flows are less or more than expected, or changes in facts and circumstances which result in revision of future cash flows estimation or discount rate, a reversal or further recognition of impairment loss may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place. As at 31 December 2024, the carrying amounts of the interests in associates and joint ventures amounted to approximately RMB863,229,000 and RMB2,406,440,000 respectively (2023: RMB1,325,627,000 and RMB2,234,332,000 respectively), net of impairment loss on interests in associates and joint ventures of approximately RMB256,360,000 and RMB126,695,000, respectively (2023: RMB154,989,000 and RMB126,695,000) respectively.

6. REVENUE

	For the year ended 31 December 2024			
	Property development RMB'000	Property investment RMB'000	Other RMB'000	Total RMB'000
Types of goods or services				
Sales of properties				
Residential apartments	6,758,610	–	–	6,758,610
Commercial apartments	486,207	–	–	486,207
Retail shops and others	275,499	–	–	275,499
Low-density residential	647,476	–	–	647,476
	8,167,792	–	–	8,167,792
Others	–	–	1,323,971	1,323,971
Revenue from contracts with customers	8,167,792	–	1,323,971	9,491,763
Property investment				
Commercial and retail shops	–	183,098	–	183,098
Total	8,167,792	183,098	1,323,971	9,674,861
Timing of revenue recognition				
At a point of time	8,167,792	–	1,323,971	9,491,763
Rental income	–	183,098	–	183,098
Total	8,167,792	183,098	1,323,971	9,674,861

6. REVENUE (Continued)

	For the year ended 31 December 2023			
	Property development RMB'000	Property investment RMB'000	Other RMB'000	Total RMB'000
Types of goods or services				
Sales of properties				
Residential apartments	22,402,901	–	–	22,402,901
Commercial apartments	485,070	–	–	485,070
Retail shops and others	684,329	–	–	684,329
Low-density residential	1,391,272	–	–	1,391,272
	24,963,572	–	–	24,963,572
Others				
Property management services	–	–	680,068	680,068
Others	–	–	1,690,274	1,690,274
	–	–	2,370,342	2,370,342
Revenue from contracts with customers	24,963,572	–	2,370,342	27,333,914
Property investment				
Commercial and retail shops	–	199,402	–	199,402
Total	24,963,572	199,402	2,370,342	27,533,316
Timing of revenue recognition				
At a point of time	24,963,572	–	1,652,588	26,616,160
Recognised over time	–	–	717,754	717,754
	24,963,572	–	2,370,342	27,333,914
Rental income	–	199,402	–	199,402
Total	24,963,572	199,402	2,370,342	27,533,316

6. REVENUE (Continued)

Performance obligations for contracts with customers

The Group recognises revenue from goods and services from the following major sources:

- Sales of properties;
- Property management services;
- Sales of goods and provisions of services; and
- Hotel operations

For contracts entered into with customers on sales of properties, the relevant properties specified in contracts will be delivered to specified customers with no alternative use on the relevant properties. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, it is 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 recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the remaining consideration is probable.

The Group receives certain percentage 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 customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period for the full amount of the contract price.

For property management services income from properties managed, the Group acts as principal and is primary responsible for providing the property management services to property owners. As property owners simultaneously receive and consume the benefit provided by the Group's performance as the Group performs, the Group recognises the fee received or receivable from property owners as its revenue over time and all related property management costs as its cost of services.

6. REVENUE (Continued)

Performance obligations for contracts with customers (Continued)

For sales of goods, revenue is recognised when the customer obtains the control of the goods, being at the point the goods are delivered to the customer's specific location, the Group has presented right to payment and the collection of the consideration is probable.

For provision of services, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

(a) the amount of revenue can be measured reliably;

(b) it is probable that the economic benefits associated with the transaction will flow to the entity;

(c) the stage of completion of the transaction at the end of the reporting period can be measured reliably; and

(d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

For hotel operations, the Group recognises revenue when the promised goods and services are transferred to the customers.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities.

	2024 **RMB'000**	2023 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**7,318,292**	22,792,657

7. SEGMENT INFORMATION

Information regularly reported to the Group's chief executive officer (the chief operating decision maker) for the purposes of resource allocation and assessment of performance focuses on the type of operation. The Group's reportable and operating segments under IFRS 8 Operating Segments are as follows:

Property development	–	development and sale of properties
Property investment	–	lease of investment properties
Others	–	hotel operation, provision of property management services, sales of goods and provision of services

No operating segments have been aggregated in arriving at the reportable segments of the Group. The following is an analysis of the Group's revenue and results by reportable and operating segments:

	For the year ended 31 December 2024			
	Property development RMB'000	**Property investment RMB'000**	**Others RMB'000**	**Total RMB'000**
External segment revenue	**8,167,792**	**183,098**	**1,323,971**	**9,674,861**
Segment result	**(19,446,643)**	**(648,546)**	**(512,323)**	**(20,607,512)**
Other income, gains and losses, net				**26,019,889**
Loss on disposal of subsidiaries				**(769,399)**
Unallocated corporate expenses				**(152,190)**
Share of results of joint ventures				**175,939**
Share of results of associates				**(82,783)**
Finance costs				**(4,065,325)**
Profit before tax				**518,619**

7. SEGMENT INFORMATION (Continued)

	For the year ended 31 December 2023			
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Total RMB'000
External segment revenue	24,963,572	199,402	2,370,342	27,533,316
Segment result	(4,008,416)	(1,088,159)	(273,700)	(5,370,275)
Other income, gains and losses, net				144,525
Loss on disposal of subsidiaries				(1,600,959)
Unallocated corporate expenses				(965,335)
Share of results of joint ventures				223,873
Share of results of associates				41,160
Finance costs				(287,558)
Loss before tax				(7,814,569)

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in note 4. Segment results represent the profit generated or loss incurred by each segment without allocation of central administration costs including directors' salaries, head office operating expenses, certain amount of other income, gains and losses, net, loss on disposal of subsidiaries, share of results of joint ventures and associates and finance costs. This is the measure reported to the Group's chief executive officer for the purposes of resource allocation and performance assessment.

7. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

Segment assets

	2024 RMB'000	2023 RMB'000
Property development	**117,851,514**	151,164,289
Property investment	**9,256,599**	11,842,264
Others	**8,059,229**	7,712,445
Total segment assets	**135,167,342**	170,718,998
Unallocated assets:		
Interests in joint ventures	**2,406,440**	2,234,332
Interests in associates	**863,229**	1,325,627
Financial assets at FVTPL	**297,610**	289,814
Equity instruments designated at FVTOCI	**367,868**	353,348
Deferred tax assets	**136,683**	1,929,067
Amounts due from joint ventures	**11,339,942**	10,837,609
Amounts due from associates	**599,657**	701,923
Tax recoverable	**4,723,497**	5,027,753
Restricted bank deposits	**2,254,277**	3,590,555
Bank balances and cash	**886,427**	1,858,831
Others	**462,144**	503,631
Consolidated assets	**159,505,116**	199,371,488

7. SEGMENT INFORMATION (Continued)

Segment liabilities

	2024 RMB'000	2023 RMB'000
Property development	**88,029,076**	96,748,327
Property investment	**66,519**	74,905
Others	**2,315,178**	3,041,989
Total segment liabilities	**90,410,773**	99,865,221
Unallocated liabilities:		
Bank and other borrowings	**51,180,222**	71,759,791
Senior notes and bonds	**22,624,592**	35,691,405
Convertible bonds	**710,685**	–
Amounts due to joint venture	**7,393,811**	7,670,480
Amounts due to associates	**1,168,730**	1,180,869
Tax liabilities	**10,832,468**	10,094,910
Deferred tax liabilities	**1,051,472**	1,192,665
Consolidated liabilities	**185,372,753**	227,455,341

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to reportable and operating segments other than interests in joint ventures and associates, financial assets at FVTPL, equity instruments designated at FVTOCI, deferred tax assets, amounts due from joint ventures and associates, tax recoverable, restricted bank deposits, bank balances and cash, certain property, plant and equipment and other assets not attributable to respective segment.

- all liabilities are allocated to reportable and operating segments other than amounts due to joint ventures and associates, tax liabilities, bank and other borrowings, senior notes and bonds, convertible bonds and deferred tax liabilities.

7. SEGMENT INFORMATION (Continued)

Other segment information

	For the year ended 31 December 2024				
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions of property, plant and equipment	304	–	4,504	2,859	7,667
Depreciation of property, plant and equipment	36,870	–	228,855	39,684	305,409
Depreciation of right-of-use assets	11,292	6,373	66,659	5,906	90,230
Gain on disposal of property, plant and equipment	–	(2,596)	–	–	(2,596)
Loss on disposal of investment properties	–	176,938	–	–	176,938
Impairment loss on property, plant and equipment	–	–	85,045	–	85,045
Impairment losses on trade and other receivables	1,675,308	–	–	–	1,675,308
Impairment losses on goodwill	–	–	113,701	–	113,701
Reversal of impairment losses on amounts due from non-controlling shareholders of subsidiaries ("NCI")	(10,506)	–	–	–	(10,506)
Impairment losses on interests in associates	–	–	–	101,371	101,371
Impairment losses on and write-off of properties for sale	16,818,773	–	–	–	16,818,773
Fair value loss of investment properties	–	511,464	–	–	511,464

7. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

	For the year ended 31 December 2023				
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions of property, plant and equipment	2,739	–	7,738	186	10,663
Additions of right-of-use assets	291	–	3,770	14,055	18,116
Depreciation of property, plant and equipment	42,866	–	143,179	44,669	230,714
Depreciation of right-of-use assets	18,953	6,387	112,241	21,284	158,865
Amortisation of intangible assets	–	–	6,557	–	6,557
Gain on disposal of property, plant and equipment	–	(3,425)	–	–	(3,425)
Loss on disposal of investment properties	–	893,698	–	–	893,698
Impairment loss on property, plant and equipment	–	–	151,555	–	151,555
Impairment losses on trade and other receivables	203,789	–	–	–	203,789
Impairment losses on goodwill	–	–	55,151	–	55,151
Impairment losses on amounts due from non-controlling shareholders of subsidiaries ("NCI")	48,992	–	–	–	48,992
Impairment losses on amounts due from joint ventures	167,538	–	–	–	167,538
Impairment losses on properties for sales	1,787,929	–	–	–	1,787,929
Fair value loss of investment properties	–	265,319	–	–	265,319

7. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations and location of non-current assets are substantially in the PRC. Information about the Group's revenue from external customers is presented based on location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers for the year ended 31 December		Non-current assets as at 31 December	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
Mainland China	**9,663,632**	27,530,284	**16,038,450**	18,766,351
Hong Kong	**–**	–	**233,794**	233,877
Canada	**11,229**	3,032	**192**	18,612
	9,674,861	27,533,316	**16,272,436**	19,018,840

Note: Non-current assets excluded equity instruments designated at FVTOCI, financial assets at FVTPL and deferred tax assets.

Information about major customers

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

8. OTHER INCOME, GAINS AND LOSSES, NET

	2024 RMB'000	2023 RMB'000
Exchange loss, net	**54,682**	569,937
Gain on change in fair value of financial assets at FVTPL	**(7,796)**	–
Investment return from financial assets at FVTPL	**(6,433)**	(5,119)
Bank interest income	**(14,065)**	(34,920)
Other interest income	**(36,906)**	(70,104)
Gain on disposal of property, plant and equipment	**(2,596)**	(3,425)
Loss on disposal of investment properties	**176,938**	893,698
Gain on disposal of joint ventures	**–**	(192,340)
Loss/(gain) on disposal of associates	**162,113**	(16)
Loss on disposal of assets (note 1)	**85,448**	–
Fair value change of convertible bonds	**41,279**	–
Impairment losses on trade and other receivables	**1,675,308**	203,789
Impairment losses on amounts due from joint ventures	**–**	167,538
(Reversal of impairment loss)/impairment loss on amounts due from NCI	**(10,506)**	48,992
Impairment losses on interests in associates	**101,371**	–
Impairment losses on property, plant and equipment	**85,045**	151,555
Impairment losses on goodwill	**113,701**	55,151
Gain on restructuring of the offshore indebtedness (note 2)	**(26,154,924)**	–
Loss on debt settlement in specie	**476,979**	–
Others	**(192,750)**	(401,173)
	(23,453,112)	1,383,563

Note 1: During the year ended 31 December 2024, the Group disposed of certain interests in Ontario Aoyuan Property Limited ("Ontario Aoyuan") to an independent third party at a total consideration of CAD68,000,070 (equivalent to approximately RMB362 million). Such disposal was accounted for as disposal of assets and liabilities related to a property project in Canada and the Group recorded a loss of approximately RMB85 million for such disposal. Further details of the disposal had been set out in the Company's announcement and circular dated 13 May 2024 and 17 June 2024, respectively.

Note 2: Upon the Restructuring became effective and pursuant to the terms of the Schemes, the obligations of the Group under certain senior notes and bonds and borrowings amounting to approximately RMB44,611 million have been discharged in exchange for the issue of the new senior notes, convertible bonds, perpetual capital securities of the Group and new shares of the Company. As a result, taking into account certain costs and expenses associated with the Restructuring, a gain of approximately RMB26,155 million had been recorded.

9. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on:		
Bank and other borrowings	**5,356,911**	6,866,296
Senior notes and bonds	**1,667,045**	2,380,136
Amount due to a joint venture	**45,600**	36,038
Other payables	**–**	16,299
Lease liabilities	**121,185**	131,214
Total borrowing costs	**7,190,741**	9,429,983
Less: amounts capitalised to properties under development for sale	**(3,125,416)**	(9,142,425)
	4,065,325	287,558

Interest capitalised arose on the general borrowing pool of the Group was calculated by applying a capitalisation rate of approximately 8.02% (2023: 8.81%) per annum to expenditure on the qualifying assets.

10. PROFIT/(LOSS) BEFORE TAX

	2024 RMB'000	2023 RMB'000
Profit/(loss) before tax has been arrived at after charging/(crediting):		
Directors' emoluments	**8,059**	10,778
Other staffs' salaries	**331,648**	673,075
Other staffs' retirement benefit scheme contributions	**5,025**	12,074
Total staff costs	**344,732**	695,927
Less: amounts capitalised to properties under development for sale	**(63,808)**	(134,207)
	280,924	561,720
Cost of properties for sale/inventories recognised as an expense (excluding impairment loss on properties for sale)	**8,016,102**	25,415,610
Impairment loss on and write-off of properties for sale (included in cost of sales)	**16,818,773**	1,787,929
Depreciation of property, plant and equipment	**305,409**	230,714
Depreciation of right-of-use assets	**90,230**	158,865
Amortisation of intangible assets (included in administrative expenses)	**–**	6,557
Gross rental income in respect of investment properties	**(183,098)**	(199,402)
Less: direct operating expenses from investment properties that generated rental income during the year	**77,487**	78,270
	(105,611)	(121,132)

11. INCOME TAX EXPENSES

	2024 RMB'000	2023 RMB'000
Income tax expenses recognised comprise of:		
Current tax:		
PRC		
Enterprise income tax ("EIT")	**257,196**	173,917
Land appreciation tax ("LAT")	**975,226**	469,647
Other jurisdiction	**–**	1,639
	1,232,422	645,203
Deferred tax (note 23)		
PRC	**1,345,501**	1,182,517
Other jurisdictions	**37,333**	(1,662)
	1,382,834	1,180,855
Income tax expenses for the year	**2,615,256**	1,826,058

Under the Law of the People's Republic of China on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, subject to certain preferential income tax policies.

Under the Provisional Regulations of the People's Republic of China on LAT (the "LAT Provisional Regulations") and Implementation Regulation of the LAT Provisional Regulations, the tax rate of the PRC subsidiaries is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and relevant property development expenditures.

No provision for Hong Kong profits tax has been made in the consolidated financial statements for both years as the Group's income neither arises in, nor is derived from, Hong Kong.

11. INCOME TAX EXPENSES (Continued)

Under Canadian tax law, the tax rate used for the year is 26.5% (2023: 26.5%) on taxable profits on Canadian incorporated entities.

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

	2024	2023
	RMB'000	RMB'000
Profit/(loss) before tax	**518,619**	(7,814,569)
Tax charge at domestic tax rate of 25%	**129,655**	(1,953,642)
Tax effect of share of results of joint ventures and associates	**(23,289)**	(66,258)
Tax effect of expenses not deductible for tax purpose	**1,028,199**	1,396,098
Tax effect of income not taxable for tax purpose	**(6,633,613)**	(30,718)
Tax effect of tax losses and temporary differences not recognised	**5,671,987**	1,402,239
Reversal of deferred tax recognised on tax losses and temporary difference in prior year	**1,738,400**	741,145
LAT	**975,226**	469,647
Tax effect of LAT	**(243,807)**	(117,412)
Tax effect of LAT on revaluation of investment properties	**(27,505)**	(15,040)
Effect of different tax rate of subsidiaries operating in other jurisdictions	**3**	(1)
Income tax expenses for the year	**2,615,256**	1,826,058

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

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	Salaries and allowances RMB'000	Retirement benefit Scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2024				
Executive director:				
Guo Zi Wen (Note b)	–	1,217	36	1,253
Chen Zhi Bin	–	2,164	23	2,187
Tan Yi (Note e)	–	2,008	23	2,031
Cheng Siu Fai (Note c)	–	981	16	997
Non-executive director				
Guo Zi Wen (Note b)	–	139	4	143
Mohamed Obaid Ghulam Badakkan Alobeidli (Note h)	–	185	–	185
Shi Li Li (Note i)	–	–	–	–
Ma Jun (Note f)	–	102	–	102
Independent non-executive director:				
Cheung Kwok Keung	387	–	–	387
Lee Thomas Kang Bor	387	–	–	387
Wong Wai Keung Frederick (Note g)	387	–	–	387
	1,161	6,796	102	8,059

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (Continued)

	Fees RMB'000	Salaries and allowances RMB'000	Retirement benefit Scheme contribution RMB'000	Total RMB'000
For the year ended 31 December 2023				
Executive director:				
Guo Zi Wen	–	1,655	59	1,714
Guo Zi Ning (Note a)	–	1,371	43	1,414
Chen Zhi Bin	–	2,538	43	2,581
Tan Yi (Note e)	–	1,485	43	1,528
Non-executive director				
Ma Jun (Note f)	–	2,316	43	2,359
Independent non-executive director:				
Tsui King Fai (Note d)	–	–	–	–
Cheung Kwok Keung	394	–	–	394
Lee Thomas Kang Bor	394	–	–	394
Wong Wai Keung Frederick (Note g)	394	–	–	394
	1,182	9,365	231	10,778

Notes:

(a) Mr. Guo Zi Ning resigned with effect from 27 April 2023.

(b) Mr. Guo Zi Wen was re-designated from an executive director to a non-executive director on 20 September 2024.

(c) Mr. Cheng Siu Fai was appointed on 27 May 2024.

(d) Mr. Tsui King Fai retired with effect from 20 January 2023.

(e) Mr. Tan Yi was appointed on 27 April 2023, and he resigned as an executive director with effect from 27 December 2024.

(f) Mr. Ma Jun was re-designated from an executive director to a non-executive director on 1 November 2023 and resigned with effect from 1 April 2024.

(g) Mr. Wong Wai Keung Frederick was appointed on 24 February 2023.

(h) Mr. Mohamed Obaid Ghulam Badakkan Alobeidli was appointed on 20 September 2024.

(i) Ms. Shi Li Li was appointed on 27 December 2024.

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (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 independent non-executive directors of the Company.

No directors waive any emolument during the current year or the prior year and none of the directors have received any inducement pay for joining or upon joining the Company.

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2023: five) were executive directors and the Chief Executive of the Company whose emoluments are included in the disclosures in this note above. The emoluments of the remaining two (2023: zero) individual was as follows:

	2024 RMB'000	2023 RMB'000
Salaries and allowances	**2,243**	–
Retirement benefit scheme contributions	**46**	–
	2,289	–

The emoluments were within the following bands:

	2024 No. of employees	2023 No. of employees
HK$1,000,000 to HK$1,500,000 (equivalent to RMB926,040 to RMB1,389,060)	**2**	–

During the year, no emolument was paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

At the meeting of the board of directors held on 25 March 2025, the Directors resolve not to declare any dividend for the year ended 31 December 2024 (2023: Nil).

14. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculations of the basic earnings/(loss) per share are based on:

	2024 **RMB'000**	2023 RMB'000
Profit/(loss):		
Profit/(loss) for the purpose of basic earnings/(loss) per share	**35,033**	(9,533,566)

	2024 **'000**	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**4,912,585**	2,965,571

For the purpose of computation of basic earnings per share for the year ended 31 December 2024, the weighted average number of ordinary shares in issue has taken into account the mandatorily convertible bonds issued in 2024 as part of the Restructuring.

Diluted earnings/(loss) per share

There are no potential dilutive events for the Company during both years.

For the purpose of computing of diluted earnings per share of the Company for the year ended 31 December 2024, the Company did not assume the exercise of the share options issued by its listed associate (2023: listed subsidiary/associate) as the respective assumed exercise prices of those share options were higher than the respective average market price for shares.

For the year ended 31 December 2024 and 2023, the diluted earnings/(loss) per share is the same as basic earnings/(loss) per share.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Building under development/ Construction in progress RMB'000	Office equipment RMB'000	Transportation vehicles RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Total RMB'000
COST							
At 1 January 2023	3,902,601	32,934	386,336	75,680	447,265	994,013	5,838,829
Exchange realignment	1,007	–	99	15	155	–	1,276
Additions	9,024	–	1,274	117	206	42	10,663
Reclassify from assets classified as held for sale	75,347	–	–	–	–	–	75,347
Disposals of subsidiaries (note 43)	(14,609)	(319)	(45,799)	(4,850)	(19,367)	(114)	(85,058)
Disposals	(127,502)	–	(7,179)	(5,371)	(1,914)	(1,662)	(143,628)
At 31 December 2023	**3,845,868**	**32,615**	**334,731**	**65,591**	**426,345**	**992,279**	**5,697,429**
Exchange realignment	**(629)**	**-**	**(110)**	**(20)**	**(162)**	**-**	**(921)**
Additions	**4,307**	**-**	**3,231**	**3**	**92**	**34**	**7,667**
Disposals of subsidiaries (note 43)	**-**	**-**	**(2,558)**	**(1,693)**	**-**	**(197)**	**(4,448)**
Disposals	**(43,497)**	**-**	**(8,477)**	**(418)**	**(2,037)**	**(2,403)**	**(56,832)**
At 31 December 2024	**3,806,049**	**32,615**	**326,817**	**63,463**	**424,238**	**989,713**	**5,642,895**
DEPRECIATION AND IMPAIRMENT							
At 1 January 2023	1,539,729	–	266,486	68,136	257,387	12,890	2,144,628
Exchange realignment	240	–	74	8	96	–	418
Provided for the year	153,260	–	14,183	1,759	24,392	37,120	230,714
Disposals of subsidiaries (note 43)	(2,159)	–	(32,716)	(2,986)	(15,876)	(114)	(53,851)
Disposals	(4,478)	–	(5,143)	(5,273)	(364)	(1,633)	(16,891)
Impairment	28,216	–	–	–	–	123,339	151,555
At 31 December 2023	**1,714,808**	**-**	**242,884**	**61,644**	**265,635**	**171,602**	**2,456,573**
Exchange realignment	**(130)**	**-**	**(100)**	**(12)**	**(143)**	**-**	**(385)**
Provided for the year	**192,225**	**-**	**9,292**	**1,799**	**42,955**	**59,138**	**305,409**
Disposals of subsidiaries (note 43)	**-**	**-**	**(2,389)**	**(1,620)**	**-**	**(187)**	**(4,196)**
Disposals	**(6,366)**	**-**	**(7,019)**	**(288)**	**(554)**	**(839)**	**(15,066)**
Impairment	**10,049**	**-**	**-**	**-**	**-**	**74,996**	**85,045**
At 31 December 2024	**1,910,586**	**-**	**242,668**	**61,523**	**307,893**	**304,710**	**2,827,380**
CARRYING VALUES							
At 31 December 2024	**1,895,463**	**32,615**	**84,149**	**1,940**	**116,345**	**685,003**	**2,815,515**
At 31 December 2023	2,131,060	32,615	91,847	3,947	160,710	820,677	3,240,856

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) As at 31 December 2024, buildings, plant and machinery and construction in progress of approximately RMB2,307,662,000 (2023: RMB2,648,982,000) were pledged for certain banking facilities granted to the Group. All the buildings of the Group are situated on leasehold land in the PRC under medium lease term.

(b) Impairment assessment

Due to the substantial uncertainty in the economic and business environment in China during the year, the management of Group concluded there was an indication for impairment of the property, plant and equipment within chemical fiber products manufacturing cash-generating unit (the "Chemical Fiber CGU") as at 31 December 2024 and performed impairment assessment on the Chemical Fiber CGU. The calculation of recoverable amounts of Chemical Fiber CGU uses the fair value less cost of disposal based on the market prices and the replacement costs as at 31 December 2024. Based on the result of the assessment, the management of the Group determined that the recoverable amounts of property, plant and equipment of the Chemical Fiber CGU are lower than the respective carrying amounts. Accordingly, an impairment loss of RMB85,045,000 (2023: RMB151,555,000) was recognised during the year ended 31 December 2024.

16. RIGHT-OF-USE ASSETS

The Group's right-of-use assets are as follows:

	Land RMB'000	Buildings RMB'000	Office equipment RMB'000	Total RMB'000
As at 31 December 2024				
Carrying amount	**512,924**	**149,752**	**30**	**662,706**
As at 31 December 2023				
Carrying amount	544,033	208,415	488	752,936
For the year ended 31 December 2024				
Depreciation charge	**(31,109)**	**(58,663)**	**(458)**	**(90,230)**
For the year ended 31 December 2023				
Depreciation charge	(22,702)	(134,875)	(1,288)	(158,865)

16. RIGHT-OF-USE ASSETS (Continued)

	2024 RMB'000	2023 RMB'000
Expense relating to short-term leases	**353**	8,257
Expense relating to leases of low-value assets, excluding short-term leases of low value assets	**10**	117
Total cash outflow for leases	**64,095**	154,320
Additions to right-of-use assets	**–**	18,116

For both years, the Group leases various properties and office equipment for its operations. Lease contracts are entered into for fixed term of 13 months to 40 years (2023: 13 months to 40 years), and do not have extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several leasehold lands where its office buildings and hotels are primarily located. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests.

During the year ended 31 December 2024, there are no additions to right-of-use assets (2023 additions to right-of-use assets: RMB18,116,000) due to new and renewal of leases.

As at 31 December 2024 and 2023, the lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets except for leasehold land may not be used as security for borrowing purposes.

As at 31 December 2024, right-of-use assets of RMB396,916,000 (2023: RMB427,141,000) were pledged for certain banking facilities granted to the Group.

17. INVESTMENT PROPERTIES

The Group leases out various offices and retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 20 years (2023: 1 to 20 years). Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend. The lease of retail stores contain variable lease payment that are based on 3% to 20% (2023: 3% to 20%) sales and minimum annual lease payment that are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies 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.

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
At 1 January 2023	10,989,001	1,634,123	12,623,124
Transferred from properties under development	–	24,846	24,846
Disposals	(1,427,390)	–	(1,427,390)
Disposal of subsidiaries (note 43)	(113,851)	–	(113,851)
Net change in fair value recognised in profit or loss	(168,614)	(96,705)	(265,319)
At 31 December 2023	**9,279,146**	**1,562,264**	**10,841,410**
Disposals	**(1,315,378)**	**–**	**(1,315,378)**
Net change in fair value recognised in profit or loss	**(435,032)**	**(76,432)**	**(511,464)**
At 31 December 2024	**7,528,736**	**1,485,832**	**9,014,568**

17. INVESTMENT PROPERTIES (Continued)

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

At 31 December 2024, investment properties of approximately RMB8,315,421,000 (2023: RMB9,845,846,000) were pledged to secure certain banking facilities granted to the Group.

The fair values of investment properties under construction and completed investment properties were determined by reference to valuations carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a qualified external valuer which is not connected with the Group. The fair values of the investment properties were determined by the qualified external valuer on the following basis:

Completed investment properties

By reference to capitalised income to be derived from the properties tenancies and the reversionary income potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

Investment properties under construction

By reference to the market transactions of similar lands and adjusted to reflect the conditions of the subject properties and assume capitalised income upon the completion of development of the properties to be derived from the properties tenancies and the reversionary income potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions and estimated costs to completion based on construction budget, committed contracts, allowances for contingencies as well as developer's profit margin, which reflect the risks associated with the completion of the development of the properties and in achieving the anticipated income or capital appreciation on the date of valuation.

In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use. The following tables give information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. There were no transfers from Level 1 or Level 2 into or out of Level 3 during the year.

17. INVESTMENT PROPERTIES (Continued)

At 31 December 2024

Investment properties held by the Group	Fair value 2024 RMB'000	Fair value 2023 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
Completed investment properties, including retail shops and commercial buildings	7,505,236	9,173,746	Level 3	Income capitalisation method – income capitalisation of the net income and made provisions for reversionary income potential.	1. Term yield	3.0% – 6.0% (2023: 3.0% – 6.0%)	An increase in term yield would result in a decrease in fair value, and vice versa.
					2. Reversionary yield	3.5% – 6.5% (2023: 3.5% – 6.5%)	An increase in reversionary yield would result in a decrease in fair value, and vice versa.
					3. Unit rent (RMB/sqm/month)	3.0 – 200 (2023: 3.1 – 203)	A significant increase in unit rent would result in a significant increase in fair value, and vice versa.
Completed investment properties, including retail shops and office	23,500	105,400	Level 3	Direct comparison method – based on market transactions of similar properties and adjusted to reflect the conditions of the subject property.	Unit selling price (RMB/sqm)	9,833 (2023: 9,958)	A significant increase in unit price of market floor area leads to a significant increase in fair value, and vice versa

17. INVESTMENT PROPERTIES (Continued)

At 31 December 2024 (Continued)

Investment properties held by the Group	Fair value 2024 RMB'000	Fair value 2023 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
Investment properties under construction, including retail shops and commercial buildings	1,458,145	1,534,245	Level 3	Residual method – based on gross development value and taken into account the construction costs to completion, developer's profit, marketing costs	1. Gross development value (RMB'000) on completion basis	246,600 – 667,100 (2023: 273,700 – 677,200)	A significant increase in gross development value would result in a significant increase in fair value, and vice versa
					2. Developer's profit	5% – 10% (2023: 8% – 10%)	A significant increase in developer's profit would result in a significant decrease in fair value, and vice versa.
					3. Marketing costs	4% (2023: 4%)	A slight increase in marketing costs would result in a significant decrease in fair value, and vice versa.
					4. Construction costs to completion	14,300,000 – 230,000,000 (2023: 14,300,000-230,000,000)	A significant increase in construction costs to completion would result in a significant decrease in fair value and vice versa.
Investment properties under construction, including retail shops and commercial buildings	27,687	28,019	Level 3	Direct comparison method-based on market transactions of similar lands and adjusted to reflect the conditions of the subject lands.	Comparable land price (RMB/sqm)	394 – 834 (2023: 395 – 845)	A significant increase in comparable land price would result in a significant increase in fair value.
Total	9,014,568	10,841,410					

18. GOODWILL

	2024 RMB'000	2023 RMB'000
COST		
At 1 January	**1,186,646**	1,469,522
Disposal of subsidiaries (note 43)	**–**	(282,876)
At 31 December	**1,186,646**	1,186,646
IMPAIRMENT		
At 1 January	**(562,967)**	(639,574)
Impairment	**(113,701)**	(55,151)
Disposal of subsidiaries (note 43)	**–**	131,758
At 31 December	**(676,668)**	(562,967)
Carrying amounts	**509,978**	623,679

Impairment testing of goodwill

For the purposes of impairment testing, goodwill above have been allocated to the CGUs from which goodwill arose. The gross carrying amounts of goodwill as at 31 December 2024 and 2023 allocated to these CGUs are as follow:

	2024 RMB'000	2023 RMB'000
Chemical fiber products manufacturing:		
(a) Aoyuan Beauty Valley Technology Co., Ltd. ("Aoyuan Beauty Valley")	**462,026**	462,026
Medical aesthetic services:		
(b) Guangdong MS Arora Health Management Consulting Co., Ltd. ("Guangdong MS Arora CGU")	**7,284**	7,284
(c) Zhejiang Liantianmei Enterprise Management Co., Ltd. ("Liantianmei CGU")	**717,336**	717,336
	1,186,646	1,186,646

Management of the Company allocated goodwill to individual cash generating unit of above businesses for the purpose of impairment testing. The recoverable amount of cash-generating unit of these businesses is determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the management.

18. GOODWILL (Continued)

Impairment testing of goodwill (continued)

The goodwill attributed to Aoyuan Beauty Valley CGU and Guangdong MS Arora CGU had been fully impaired in prior years.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill related to Liantianmei CGU:

Revenue	The basis used to determine the value assigned is based on past performance and management expectation for the market development. The revenue is based on the historical revenue and business plan, taking into account the changing trend of future business volume.
Gross profit margin	The gross profit margin was assumed to be 47.2% (2023: 47.7%).
Discount rates	The discount rates used are before tax and reflect specific risk relating to Liantianmei CGU. The discount rate applied to cash flow projections was 13.5% (2023: 13.5%).
Long-term growth rate	The growth rate used to extrapolate the cash flows beyond the five-year period was 0% (2023: 0%). The growth rate does not exceed longterm average growth rate for the business in which the CGU operates. The growth rate and discount rate have been assessed taking into consideration higher degree of estimation uncertainties in the current year due to volatility in the financial markets.

The values assigned to the key assumptions on market development of the industries in which the CGU operates, discount rate and long-term growth rate are consistent with external information sources.

18. GOODWILL (Continued)

Impairment testing of goodwill (continued)

Medical aesthetic services

During the current year, with the economic downturn, competition among medical beauty institutions has become increasingly fierce. The financial performance of the LIantianmei CGU is not as what the management expected. The recoverable amount of the LIantianmei CGU is lower than the carrying amount the Liantianmei CGU. Accordingly, the directors of the Company have determined impairment loss of goodwill relating to Liantianmei CGU of RMB113,701,000 in the current year (2023: RMB55,151,000 for Liantianmei CGU).

Based on the result of impairment assessment, the recoverable amounts, carrying amounts of Liantianmei CGU and details of impairment provision of Liantianmei CGU as at 31 December 2024 are as follows:

	Recoverable amount RMB'000	Carrying amount RMB'000	Impairment provision RMB'000
Liantianmei CGU	547,489	661,190	113,701

In relation to Liantianmei CGU that was impaired during the year, any variation in the key assumptions above would result in further impairment.

19. INTANGIBLE ASSETS

	Property management contracts RMB'000	Patent RMB'000	Customer relationship RMB'000	Total RMB'000
COST				
At 1 January 2023	106,494	102,641	124,047	333,182
Disposal of subsidiaries (note 43)	(106,494)	–	–	(106,494)
At 31 December 2023 and 2024	**–**	**102,641**	**124,047**	**226,688**
AMORTISATION AND IMPAIRMENT				
At 1 January 2023	27,636	102,641	124,047	254,324
Charge for the year	6,557	–	–	6,557
Disposal of subsidiaries (note 43)	(34,193)	–	–	(34,193)
At 31 December 2023 and 2024	**–**	**102,641**	**124,047**	**226,688**
CARRYING VALUES				
At 31 December 2023 and 2024	**–**	**–**	**–**	**–**

20. INTERESTS IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000
Cost of investments in joint ventures and share of post-acquisition profits or losses	**2,533,135**	2,361,027
Impairment	**(126,695)**	(126,695)
Share of net assets	**2,406,440**	2,234,332

During the year ended 31 December 2024, the Group disposed of joint ventures with an aggregate carrying amount of RMB3,831,000 (2023: RMB2,809,000) for an aggregate consideration of RMB3,831,000 (2023: RMB195,149,000).

20. INTERESTS IN JOINT VENTURES (Continued)

Particulars of the Group's material joint ventures are as follows:

Name of entity	Place of establishment/ principal place of operation	Proportion of registered capital/voting rights held by the Group		Registered capital		Principal activity
		2024	2023	2024 RMB'000	2023 RMB'000	
青島海唐置業有限公司Qingdao Haitang Real Estate Co., Ltd (Note a)	Shandong, the PRC	**50%**	50%	**50,000**	50,000	Property development
南京金基華海置業有限公司Nanjing Jinji Huahai Real Estate Co., Ltd. (Note b)	Jiangsu, the PRC	**50%**	50%	**300,000**	300,000	Property development
貴港市顧榮房地產開發有限公司 Guigang Gurong Real Estate Development Co., Ltd (Note c)	Guangxi, the PRC	**60%**	60%	**166,667**	166,667	Property development
廣西瀚鑫房地產開發有限公司Guangxi Hanxin Real Estate Development Co., Ltd (Note d)	Guangxi, the PRC	**60%**	60%	**30,000**	30,000	Property development
魯康(珠海)置業有限公司 Lukang (Zhuhai) Real Estate Development Co., Ltd. ("Lukang Zhuhai") (Note e)	Guangdong, the PRC	**40%**	40%	**100,000**	100,000	Property development

Notes:

(a) According to the Articles of Association of Qingdao Haitang Real Estate Co., Ltd. ("Qingdao Haitang"), the Group has power to appoint three out of five directors to the board of Qingdao Haitang, and the board of directors is responsible for all operating and financing decisions of Qingdao Haitang. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venturers, and each party cannot individually control Qingdao Haitang. Therefore, Qingdao Haitang is accounted for as a joint venture of the Group.

(b) According to the Articles of Association of Nanjing Jinji Huahai Real Estate Co., Ltd. ("Nanjing Jinji"), the Group has power to appoint three out of five directors to the board of Nanjing Jinji, and the board of directors is responsible for all operating and financing decisions of Nanjing Jinji. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Nanjing Jinji. Therefore, Nanjing Jinji is accounted for as a joint venture of the Group.

20. INTERESTS IN JOINT VENTURES (Continued)

Notes: (Continued)

(c) According to the Articles of Association of Guigang Gurong Real Estate Development Co., Ltd. ("Guigang Gurong"), the Group has power to appoint three out of five directors to the board of Guigang Gurong, and the board of directors is responsible for all operating and financing decisions of Guigang Gurong. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Guigang Gurong. Therefore, Guigang Gurong is accounted for as a joint venture of the Group.

(d) According to the Articles of Association of Guangxi Hanxin Real Estate Development Co., Ltd. ("Guangxi Hanxin"), the Group has power to appoint three out of five directors to the board of Guangxi Hanxin, and the board of directors is responsible for all operating and financing decisions of Guangxi Hanxin. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Guangxi Hanxin. Therefore, Guangxi Hanxin is accounted for as a joint venture of the Group.

(e) According to the Articles of Association of Lukang Zhuhai, the Group has power to appoint two out of five directors in the board of Lukang Zhuhai, and the board of directors is responsible for all operating and financing decisions of Lukang Zhuhai. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Lukang Zhuhai. Therefore, Lukang Zhuhai is accounted for as a joint venture of the Group.

The summarised financial information in report of the Group's interests in material joint ventures is set out below:

Qingdao Haitang

	2024	2023
	RMB'000	RMB'000
Current assets	**4,913,149**	5,276,235
Non-current assets	**44,980**	44,984
Current liabilities	**3,329,073**	3,404,704
Non-current liabilities	**–**	300,000
Profit and total comprehensive income for the year	**12,541**	384,976

20. INTERESTS IN JOINT VENTURES (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Qingdao Haitang recognised in the consolidated financial statements:

	2024 **RMB'000**	2023 RMB'000
Net assets of Qingdao Haitang	**1,629,056**	1,616,515
Proportion of the Group's ownership interest	**50%**	50%
Carrying amount of the Group's interest	**814,528**	808,258

Nanjing Jinji

	2024 **RMB'000**	2023 RMB'000
Current assets	**554,473**	566,431
Non-current assets	**–**	1
Current liabilities	**163,596**	123,116
Non-current liabilities	**115,000**	115,000
Loss and total comprehensive expense for the year	**(52,439)**	(4,136)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Nanjing Jinji recognised in the consolidated financial statements:

	2024 **RMB'000**	2023 RMB'000
Net assets of Nanjing Jinji	**275,877**	328,316
Proportion of the Group's ownership interest	**50%**	50%
Carrying amount of the Group's interest	**137,939**	164,158

Guigang Gurong

	2024 **RMB'000**	2023 RMB'000
Current assets	**848,869**	861,760
Non-current assets	**7,818**	7,821
Current liabilities	**235,025**	246,994
Loss and total comprehensive expense for the year	**(925)**	(39,583)

20. INTERESTS IN JOINT VENTURES (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Guigang Gurong recognised in the consolidated financial statements:

	2024 **RMB'000**	2023 RMB'000
Net assets of Guigang Gurong	**621,662**	622,587
Proportion of the Group's ownership interest	**60%**	60%
Carrying amount of the Group's interest	**372,997**	373,552

Guangxi Hanxin

	2024 **RMB'000**	2023 RMB'000
Current assets	**608,266**	571,655
Non-current assets	**2,737**	2,737
Current liabilities	**325,333**	288,568
Loss and total comprehensive expense for the year	**(154)**	(54,223)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Guangxi Hanxin recognised in the consolidated financial statements:

	2024 **RMB'000**	2023 RMB'000
Net assets of Guangxi Hanxin	**285,670**	285,824
Proportion of the Group's ownership interest	**60%**	60%
Carrying amount of the Group's interest	**171,402**	171,494

20. INTERESTS IN JOINT VENTURES (Continued)

Lukang Zhuhai

	2024 **RMB'000**	2023 RMB'000
Current assets	**3,880,814**	3,737,760
Non-current assets	**1,149,788**	1,149,624
Current liabilities	**4,103,285**	3,257,859
Non-current liabilities	**–**	723,820
Profit/(Loss) and total comprehensive income/(expense) for the year	**21,612**	(67,907)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Lukang Zhuhai recognised in the consolidated financial statements:

	2024 **RMB'000**	2023 RMB'000
Net assets of Lukang Zhuhai	**927,317**	905,705
Proportion of the Group's ownership interest	**40%**	40%
Carrying amount of the Group's interest	**370,927**	362,282

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 (expense)/income	**187,890**	116,899

	2024 **RMB'000**	2023 RMB'000
Aggregate carrying amount of the Group's interests in these joint ventures	**665,342**	481,283

21. INTERESTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Cost of investments in associates and share of post acquisition losses	**1,119,589**	1,480,616
Impairment	**(256,360)**	(154,989)
Share of net assets	**863,229**	1,325,627

During the year ended 31 December 2024, the Group disposed of certain associates with an aggregate carrying amount of RMB245,061,000 (2023: RMB3,402,000) for an aggregate consideration of RMB82,948,000 (2023: RMB3,418,000).

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

Name of entity	Place of incorporation/ principal place of operation	Attributable interest indirectly held by the Group		Registered capital		Principal activity
		2024	2023	**2024**	2023	
嘉善裕軒房地產開發有限公司 Jiashan Yuxuan Property Development Limited ("Jiashan Yuxuan")	Zhejiang, the PRC	**49%**	49%	**RMB234,000**	RMB234,000	Property development
阜陽百俊房地產開發有限公司 Fuyang Baijun Property Development Limited ("Fuyang Baijun")	Anhui, the PRC	**49%**	49%	**RMB682,260**	RMB682,260	Property development

21. INTERESTS IN ASSOCIATES (Continued)

The summarised financial information in respect of the Group's interests in material associates are set out below:

Jiashan Yuxuan

	2024	2023
	RMB'000	RMB'000
Current assets	**2,049,850**	1,948,110
Non-current assets	**19,139**	19,139
Current liabilities	**1,298,986**	1,193,796
Non-current liabilities	**10,385**	10,385
Loss and total comprehensive expense for the year	**(3,450)**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Jiashan Yuxuan recognised in the consolidated financial statements:

	2024	2023
	RMB'000	RMB'000
Net assets of Jiashan Yuxuan	**759,618**	763,068
Proportion of the Group's ownership interest	**49%**	49%
Carrying amount of the Group's interest	**372,213**	373,903

21. INTERESTS IN ASSOCIATES (Continued)

Fuyang Baijun

	2024 RMB'000	2023 RMB'000
Current assets	**1,143,042**	1,167,435
Current liabilities	**808,610**	767,168
Non-current liabilities	**–**	32,150
Loss and total comprehensive expense for the year	**(33,685)**	(292,326)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Fuyang Baijun recognised in the consolidated financial statements:

	2024 RMB'000	2023 RMB'000
Net assets of Fuyang Baijun	**334,432**	368,117
Proportion of the Group's ownership interest	**49%**	49%
Carrying amount of the Group's interest	**163,872**	180,377

Aggregate information of associates that are not individually material

	2024 RMB'000	2023 RMB'000
The Group's share of (loss)/profit and total comprehensive (expense)/income	**(64,587)**	184,400

	2024 RMB'000	2023 RMB'000
Aggregate carrying amount of the Group's interests in these associates	**583,504**	926,336

22. EQUITY INSTRUMENTS DESIGNATED AT FVTOCI

Equity instruments designated at FVTOCI:

	2024 RMB'000	2023 RMB'000
Listed equity investments:		
– Equity securities listed on the Shenzhen Stock Exchange	**40,920**	32,280
Unlisted equity investments	**326,948**	321,068
	367,868	353,348

The above equity investments represent the Group's equity interest in entities established in the PRC. The management of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run. For the details of fair value measurement of the above equity instruments, please refer to note 40.

23. DEFERRED TAXATION

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 financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	**136,683**	1,929,067
Deferred tax liabilities	**(1,051,472)**	(1,192,665)
	(914,789)	736,402

23. DEFERRED TAXATION (Continued)

The deferred tax (assets)/liabilities recognised by the Group and movements thereon during the year are as follows:

	Change in fair value of investment properties RMB'000	Revaluation of properties RMB'000	Tax losses RMB'000	Undistributed earnings of PRC subsidiaries RMB'000	Temporary differences of LAT payables RMB'000	Other temporary differences RMB'000	Total RMB'000
At 1 January 2023	1,419,206	334,892	(3,282,237)	244,586	(134,217)	(576,065)	(1,993,835)
Disposal of subsidiaries (note 43)	–	–	76,578	–	–	–	76,578
Charge/(credit) to profit or loss for the year	(10,237)	–	1,182,200	–	–	8,892	1,180,855
At 31 December 2023	**1,408,969**	**334,892**	**(2,023,459)**	**244,586**	**(134,217)**	**(567,173)**	**(736,402)**
Disposal of subsidiaries (note 43)	**-**	**-**	**187,500**	**-**	**-**	**80,857**	**268,357**
Charge/(credit) to profit or loss for the year	**(231,009)**	**(33,671)**	**1,520,259**	**(244,586)**	**-**	**371,841**	**1,382,834**
At 31 December 2024	**1,177,960**	**301,221**	**(315,700)**	**-**	**(134,217)**	**(114,475)**	**914,789**

23. DEFERRED TAXATION (Continued)

As at 31 December 2024, the Group had unused tax losses of approximately RMB51,549,854,000 (2023: RMB50,649,774,000) available to offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB1,262,800,000 (2023: RMB8,093,836,000) of such tax losses. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately RMB50,287,054,000 (2023: RMB42,555,938,000) due to the unpredictability of future profits streams. The unrecognised tax losses will expire in the follow years:

	2024 **RMB'000**	2023 RMB'000
2024	**–**	3,077,423
2025	**5,697,312**	3,778,461
2026	**25,422,234**	24,570,731
2027	**10,964,084**	7,926,067
2028	**2,725,924**	3,203,256
2029	**5,477,500**	–
	50,287,054	42,555,938

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. For the years ended 31 December 2024, no deferred taxation has been provided in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries.

24. AMOUNTS DUE FROM/(TO) NCI

	2024 **RMB'000**	2023 RMB'000
Amounts due from non-controlling interests	**2,189,999**	2,285,879
Impairment	**(1,165,525)**	(1,208,845)
	1,024,474	1,077,034

Included in the balances of amounts due from NCI as at 31 December 2024, approximately RMB377,800,000 (2023: RMB377,800,000) are unsecured, interest-bearing, ranged from 10% per annum to 15% per annum (2023: 10% per annum to 15%) and repayable on demand or within one year.

The remaining balances of amounts due from/to NCI at 31 December 2024 and 2023 are unsecured, interest-free and repayable on demand.

25. AMOUNTS DUE FROM/(TO) JOINT VENTURES

Amounts due from joint ventures

Included in the balances of amounts due from joint ventures as at 31 December 2024 is the amount due from 青島海唐置業有限公司 Qingdao Haitang Property Development Co., Ltd. of RMB105,620,000 (2023: RMB105,620,000) with an interest rate of 12% per annum and repayable on demand.

The remaining balances as at 31 December 2024 and 2023 are unsecured, interest-free and repayable on demand.

Amounts due to joint ventures

Included in the balance of amounts due to joint ventures as at 31 December 2024, the amount of RMB115,000,000 (2023: RMB115,000,000) is due to 南京金基華海置業有限公司 Nanjing Jinji, a joint venture of the Group. The amount is unsecured and carrying interest with an average interest rate at 15% (2023: 15%) per annum and repayable on demand.

The remaining balances as at 31 December 2024 and 2023 are unsecured, interest-free and repayable on demand.

26. PROPERTIES FOR SALE

	2024 **RMB'000**	2023 RMB'000
Properties for sale comprise of:		
Completed properties	**25,409,799**	24,987,396
Properties under development	**70,282,924**	100,475,719
	95,692,723	125,463,115

Properties for sale which are expected to be recovered in more than twelve months after the end of the reporting period are classified under current assets as it is expected to be realised in the Group's normal operating cycle.

26. PROPERTIES FOR SALE (Continued)

As at 31 December 2024, the impairment loss on properties under development and completed properties held for sale to net realisable value amounted to RMB10,089,067,000 (2023: RMB6,952,361,000).

At 31 December 2024, certain of the Group's properties for sale with carrying value of RMB54,308,880,000 (2023: RMB59,577,343,000) were pledged for certain banking facilities granted to the Group by banks and other financial institutes.

27. TRADE AND OTHER RECEIVABLES

	Notes	2024 RMB'000	2023 RMB'000
Trade and bills receivables	(a)	**1,066,928**	1,028,058
Less: Allowance for expected credit losses		**(609,442)**	(476,540)
		457,486	551,518
Rental receivables	(b)	**161,493**	113,100
Other receivables	(c)	**23,877,707**	24,166,228
Security deposits		**657,141**	864,768
Less: Allowance for expected credit losses	(d)	**(6,600,793)**	(6,123,922)
		17,934,055	18,907,074
Contract assets		**44,061**	45,860
Contract costs	(e)	**416,517**	574,686
Advances to constructors and suppliers		**1,341,002**	2,013,533
Prepayment paid for potential purchases of land use rights and property projects		**4,234,750**	4,261,780
Less: Impairment		**(987,936)**	–
		3,246,814	4,261,780
Other tax prepayments		**2,143,920**	2,574,965
		25,745,348	29,042,516

27. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(a) Considerations in respect of properties sold are paid by purchasers in accordance with the terms of the related sale and purchase agreements.

Payments terms with wholesale customers for purchases of goods are mainly on credit. The wholesale customers are allowed with a credit period of 0 to 60 days from date of issuance of the invoices. There is no credit period granted for retail customers.

The following is the aging analysis of gross trade receivables, determined based on the date of the properties were delivered and sales were recognised and services were provided:

	2024	2023
	RMB'000	RMB'000
0 to 60 days	**64,136**	115,531
61 to 180 days	**7,479**	16,553
181 to 365 days	**35,866**	215,332
1 to 2 years	**316,365**	117,631
2 to 3 years	**91,159**	469,573
Over 3 years	**551,923**	93,438
	1,066,928	1,028,058

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

(b) Rental receivables from tenants are payable on presentation of demand notes.

(c) Other receivables mainly included the receivables from disposal of equity interests, payments on behalf of customers, refundable deposits for land auction and other temporary payments.

(d) As at 31 December 2024, an impairment loss of RMB6,600,793,000 (2023: RMB6,123,922,000) for financial assets including other receivables, security deposits was recognised.

Where applicable, an impairment analysis is performed at each reporting date by considering ECLs, which are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied as at 31 December 2024 ranged from 0% to 100% (2023: 0% to 100%).

(e) Contract costs represent the incremental agency commissions to intermediaries in connection with obtaining sale of properties contracts with customers. These costs are charged to profit or loss upon revenue from sales of properties are recognised.

Details of impairment assessment of trade and other receivables are set out in note 40.

28. AMOUNTS DUE FROM/(TO) ASSOCIATES

Included in the balances of amounts due from associates as at 31 December 2024 are an amount due from 阜陽百俊房地產開發有限公司 Fuyang Baijun Real Estate Co., Ltd. of RMB164,771,000 (2023: RMB164,771,000). The amount is unsecured, interest-bearing at 8% per annum and is repayable on demand.

The remaining balances of amounts due from/to associates as at 31 December 2024 and 2023 are unsecured, interest-free and repayable on demand.

29. FINANCIAL ASSETS AT FVTPL

	2024 RMB'000	2023 RMB'000
Unlisted equity instruments	**266,999**	259,217
Wealth management plans	**30,611**	30,597
	297,610	289,814
Less: Non-current	**(266,999)**	(259,217)
	30,611	30,597

Details of fair value measurements of these financial assets are set out in note 40.

30. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Restricted bank deposits

As at 31 December 2024, the balances include deposits amounting to RMB40,738,000 (2023: RMB40,748,000) for securing short term loan facilities granted by banks and carrying interest at variable interest rates ranging from 0.2% to 2.25% (2023: 0.3% to 3.85%) per annum. The remaining deposits amounted to RMB2,213,539,000 (2023: RMB3,549,807,000) are subject to construction securities, mortgage guarantees and judicial freeze.

Bank balances and cash

As at 31 December 2024, the balances represented the deposits have an original maturity of three months or less. Included in bank balances and cash are balances which, in accordance with the applicable government regulations, are placed in restricted bank accounts, amounting to RMB325,083,000 (2023: RMB329,364,000), which can only be applied in the designated property development projects.

The bank balances carry interest at variable interest rates ranging from 0.1% to 1.73% (2023: 0.3% to 3.0%) per annum.

31. TRADE AND OTHER PAYABLES

	Note	2024 RMB'000	2023 RMB'000
Trade payables	(a)	**18,803,519**	19,120,697
Other payables		**33,839,716**	31,027,531
Consideration payables for acquisition of subsidiaries		**1,420,493**	1,420,493
Other taxes payables		**4,596,095**	5,491,045
		58,659,823	57,059,766

Notes:

(a) The following is an aging analysis of trade payables determined based on the invoice date:

	2024 RMB'000	2023 RMB'000
0 to 60 days	**450,108**	3,551,447
61 to 180 days	**579,925**	3,741,998
181 to 365 days	**301,798**	1,832,191
1 to 2 years	**7,765,204**	9,014,742
2 to 3 years	**8,810,898**	609,047
Over 3 years	**895,586**	371,272
	18,803,519	19,120,697

Trade payables principally comprise amounts outstanding for payments to sub-contractors of property development projects and purchases of construction materials. The average credit period for trade purchases is from 6 months to 1 year.

At 31 December 2024, the balance of trade payables with age over 1 year include retention money payable of RMB621,332,000 (2023: RMB570,825,000) to the sub-contractors of property development projects, which represents approximately 5% to 10% of the contract prices.

According to the construction contracts, the retention money is interest-free and would be paid to the sub-contractors in 1 to 3 years upon completion of development of the properties.

32. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Property development	**27,389,795**	38,356,416
Others	**369,638**	354,800
	27,759,433	38,711,216

As at 31 December 2024, contract liabilities of RMB8,397,340,000 (2023: RMB21,197,273,000) is expected to be released to profit or loss after twelve months from the end of the reporting period.

33. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024 RMB'000	2023 RMB'000
The bank and other borrowings comprise:		
RMB bank borrowings	**21,872,850**	24,411,879
United States dollar ("USD") bank borrowings	**–**	1,004,593
Hong Kong dollar ("HKD") bank borrowings	**827,085**	4,981,441
Canadian dollar ("CAD") bank borrowings	**–**	1,652,787
RMB other borrowings (note)	**28,480,287**	32,966,779
USD other borrowings (note)	**–**	6,035,475
HKD other borrowings (note)	**–**	706,837
	51,180,222	71,759,791
Secured loan	**51,009,281**	65,077,625
Unsecured loan	**170,941**	6,682,166
	51,180,222	71,759,791

Certain interest-bearing bank and other borrowings with principal amount of RMB14,037 million and related accrued interests of RMB2,589 million were derecognised upon the Restructuring became effective during the year ended 31 December 2024. Details are set out in note 8.

Note: As at 31 December 2024, the balances of other borrowings amounting to RMB28,480,287,000 (2023: RMB39,709,091,000) represent loans provided by other financial institutions, which are secured by properties for sale and/or guaranteed by the Company.

	2024 RMB'000	2023 RMB'000
Analysed into:		
Bank and other borrowings repayable:		
On demand	**45,119,145**	57,137,995
Within one year	**3,813,112**	10,256,758
More than one year, but not exceeding two years	**1,193,698**	1,676,804
More than two years, but not exceeding five years	**1,054,267**	2,457,283
Over five years	**–**	230,951
	51,180,222	71,759,791
Amount classified as current liabilities	**(48,932,257)**	(67,394,753)
Non-current portion	**2,247,965**	4,365,038

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

The bank and other borrowings bear interests at:

Contracted interest rates

	2024 RMB'000	2023 RMB'000
110% to 140% of lending rate of the People's Bank of China ("PBC rate") (2023: 110% to 140% of PBC rate)	**3,190,927**	3,154,314
Fixed rate ranging from 2.8% to 18.25% (2023: 2.8% to 16%)	**47,244,042**	60,966,656
Hong Kong Interbank Offered Rate ("HIBOR") plus 2.00% to 5.00% (2023: 1.70% to 4.95%)	**745,253**	5,787,730
London Interbank Offered Rate ("LIBOR") plus 4.95%	**–**	198,304
Canada Prime Rate plus 1.2%	**–**	1,652,787
	51,180,222	71,759,791

Other than the assets pledged as disclosed elsewhere in the consolidated financial statements, equity interests of certain subsidiaries of the Company were pledged for the bank and other borrowing facilities granted to the Group.

Pursuant to some of the Group's borrowings' agreements, any default under the Group's borrowings will trigger the cross default resulting in the relevant borrowings becoming repayable on demand. As at 31 December 2024, the Group had defaulted the repayment of certain bank and other borrowings of approximately RMB38,491,605,000 (2023: RMB44,581,401,000). Such events triggered default and cross-default clauses in several other bank borrowings of the Group. As at 31 December 2024, the negotiations with lender had not been concluded. Since the lender has not agreed to waive its right to demand immediate payment as at the end of the reporting period, accordingly, these bank and other borrowings became repayable on demand as at 31 December 2024. All cross-default borrowings are presented under current liabilities in the Group's consolidated statement of financial position as at 31 December 2024.

34. LEASE LIABILITIES

	2024 RMB'000	2023 RMB'000
Lease liabilities payable:		
Within one year	**546,581**	394,837
Within a period of more than one year but not more than two years	**63,509**	94,291
Within a period of more than two years but not more than five years	**212,898**	230,769
Within a period of more than five years	**748,681**	794,319
	1,571,669	1,514,216
Less: Amount due for settlement with 12 months shown under current liabilities	**(427,331)**	(394,837)
Amount due for settlement after 12 months shown under non-current liabilities	**1,144,338**	1,119,379

The weighted average incremental borrowing rates applied to lease liabilities range from 6.80% to 9.55% (2023: 6.80% to 9.55%).

35. SENIOR NOTES AND BONDS

	Issue date	Maturity date	Listed on	Principal amount '000	Interest rate	Guaranteed by	**2024 RMB'000**	2023 RMB'000
2017 Notes 2	September 2017	September 2022	Singapore Exchange Securities Trading Limited ("SGX")	USD250,000	5.375% p.a.	Subsidiaries of the Company	**-**	1,956,816
2019 Notes 2	January 2019	January 2022	SGX	USD500,000	8.5% p.a.	Subsidiaries of the Company	**-**	4,185,039
2019 Notes 3	February 2019	February 2023	SGX	USD225,000	7.95% p.a.	Subsidiaries of the Company	**-**	1,877,297
2019 Notes 4	June 2019	June 2023	N/A	USD200,000	7.35% p.a.	Subsidiaries of the Company	**-**	1,649,677
2019 Notes 5	August 2019	February 2023	SGX	USD250,000	7.95% p.a.	Subsidiaries of the Company	**-**	2,085,886
2019 Listed Corporate Bonds	September 2019	April 2026	SSE	RMB1,500,000	6.6% p.a.	N/A	**1,684,760**	1,575,006
2020 Notes 1	January 2020	January 2021	N/A	USD200,000	8.0% p.a.	Subsidiaries of the Company	**-**	1,662,221
2020 Notes 3	July 2020	February 2024	SGX	USD460,000	6.35% p.a.	Subsidiaries of the Company	**-**	3,751,923
2020 Notes 6	September 2020	March 2026	SGX	USD350,000	6.2% p.a.	Subsidiaries of the Company	**-**	2,778,314
2020 Notes 7	November 2020	August 2025	SGX	USD230,000	5.98% p.a.	Subsidiaries of the Company	**-**	1,825,372
2020 Listed Corporate Bonds 1	March 2020	April 2026	SSE	RMB2,540,000	5.5% p.a.	N/A	**2,889,480**	2,751,783
2020 Listed Corporate Bonds 2	August 2020	May 2026	SSE	RMB1,180,000	5.65% p.a.	N/A	**1,379,162**	1,308,033
2021 Notes 1	January 2021	January 2022	SGX	USD188,000	4.2% p.a.	Subsidiaries of the Company	**-**	1,443,857
2021 Notes 2	March 2021	March 2027	SGX	USD350,000	5.88% p.a.	Subsidiaries of the Company	**-**	2,720,432
2021 Notes 3	June 2021	June 2024	SGX	USD200,000	7.95% p.a.	Subsidiaries of the Company	**-**	1,638,433
2021 Notes 4	August 2021	August 2022	N/A	USD50,000	8.5% p.a.	Subsidiaries of the Company	**-**	409,966
2021 Listed Corporate Bonds	July 2021	May 2026	SSE	RMB1,820,000	6.8% p.a.	N/A	**2,208,171**	2,071,350
Aoyuan New Notes	March 2024	September 2031	SGX	USD500,000	5.5% p.a.	N/A	**2,657,828**	–
Add Hero Notes-Tranche A	March 2024	September 2029	SGX	USD650,000	7.5% p.a.	Subsidiaries of the Company	**4,217,882**	–
Add Hero Notes-Tranche B	March 2024	September 2030	SGX	USD500,000	8.0% p.a.	Subsidiaries of the Company	**3,249,161**	–

35. SENIOR NOTES AND BONDS (Continued)

	Issue date	Maturity date	Listed on	Principal amount '000	Interest rate	Guaranteed by	2024 RMB'000	2023 RMB'000
Add Hero Notes-Tranche C	March 2024	September 2031	SGX	USD650,000	8.8% p.a.	Subsidiaries of the Company	**4,338,148**	-
							22,624,592	35,691,405

(a) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate ranging from 5.91% to 11.8% (2023: 5.8% to 13.0%) per annum to the liability component respectively since the corresponding notes and bonds were issued.

Movements of the liability component in above senior notes and corporate bonds during the year are set out below:

	2024 RMB'000	2023 RMB'000
Carrying amount as at 1 January	**35,691,405**	32,755,541
Issued during the year	**13,117,544**	–
Exchange loss	**174,181**	567,317
Interest expenses	**1,667,045**	2,380,136
Repayment	**(40,350)**	(11,589)
Derecognition pursuant to the Restructuring	**(27,985,233)**	–
Carrying amount as at 31 December	**22,624,592**	35,691,405
Less: current portion	**(4,729,437)**	(28,390,473)
Non-current portion	**17,895,155**	7,300,932
Analysed into:		
Senior notes and bonds payable:		
Within 1 year	**4,729,437**	28,390,473
More than one year, but not exceeding two years	**3,432,136**	3,462,138
More than two years, but not exceeding five years	**4,217,882**	3,838,794
Over Five years	**10,245,137**	–
	22,624,592	35,691,405

35. SENIOR NOTES AND BONDS (Continued)

(b) Early redemption options of the Company are regarded as embedded derivatives not closely related to the host contract. The management of the Company consider that the fair value of the early redemption options is insignificant on initial recognition date for 31 December 2023 and 31 December 2024.

(c) On 20 March 2024, as part of the Restructuring as disclosed in Note 2, the Company and the wholly-owned subsidiary, Add Hero Holdings Limited, issued new senior notes (the "New Senior Notes") in a nominal principal amount of USD500 million (equivalent to approximately RMB3,548 million) ("Aoyuan New Notes") and USD1,800 million (equivalent to approximately RMB12,774 million) ("Add Hero Notes") respectively to eligible scheme creditors.

(d) In addition, pursuant to the Restructuring, certain senior notes and bonds with principal amount of USD3,438 million (equivalent to approximately RMB24,350 million) and related accrued interests amounting to RMB3,635 million were derecognised upon the Restructuring became effective during the year ended 31 December 2024.

36. CONVERTIBLE BONDS

In March 2024, as part of the Restructuring, the Company issued zero coupon mandatory convertible bonds ("MCB") with a nominal value of USD143 million (equivalent to approximately RMB1,015 million) due 30 September 2028. The MCBs were issued in the denomination of USD1,000 for each MCB. The MCBs are convertible into ordinary shares of the Company after 12 months from the date of issuance up to and including 10 business days before the maturity. On maturity, any MCBs which remained outstanding will be mandatorily and automatically be converted into ordinary shares of the Company at a conversion price of HK$0.66. The MCBs would be convertible into 1,691,449,122 ordinary shares of the Company at the initial conversion price

Movements and reconciliation of level 3 measurement of the MCBs during the year are set out below:

	2024 **RMB'000**
Carrying amount as at 1 January	**–**
Issued during the year	**669,406**
Fair value changes	**41,279**
Carrying amount as at 31 December	**710,685**

37. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2023, 31 December 2023 and 31 December 2024	100,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2023, 31 December 2023	2,965,571,354	29,655
Issued in exchange for debt (note)	887,553,907	8,884
At 31 December 2024	3,853,125,261	38,539

	2024 RMB'000	2023 RMB'000
Shown in the consolidated financial statements as	**35,777**	27,726

All the new ordinary shares issued rank pari passu with the then existing shares in all respects.

Note:

Pursuant to the terms of the Schemes, an aggregate of 1,000,000,000 new shares of the Company of HK$0.01 each should be issued. Up to 31 December 2024, 887,553,907 new shares of the Company of HK$0.01 each had been issued to certain eligible scheme creditors.

The aggregate fair value of the 887,553,907 ordinary shares, determined by reference to the closing quoted market price of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited at the issue date, amounted to RMB128,815,000, of which RMB8,051,000 and RMB120,764,000 were credited to the share capital and share premium account of the Company, respectively.

38. PERPETUAL CAPITAL SECURITIES

In March 2024, as part of the Restructuring, the Company issued perpetual capital securities with an aggregate principal amount of USD1,600 million to the eligible scheme creditors. These perpetual capital securities shall bear no interest within the first 8 years from issuance and become interest-bearing since then. The Company may elect to defer interest payment, which is not subject to any limit as to the number of times of interest payment can be deferred. The perpetual capital securities are without fixed maturity and may only be redeemed at the option of the Company.

As these perpetual capital securities only imposes contractual obligations on the Company to repay principal or to pay any distribution under certain circumstances, which are at the Company's discretion, they have in substance offered the Company an unconditional right to avoid delivering cash or other financial assets. Therefore, these perpetual capital securities are classified as equity instruments.

Movements of the perpetual capital securities during the year are set out below:

	2024 RMB'000
Carrying amount as at 1 January	–
Issued during the year	4,086,485
Carrying amount as at 31 December	4,086,485

39. 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 maximising the return to shareholders through the optimisation 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 amounts due to NCI disclosed in note 24, amounts due to joint ventures disclosed in note 25, amounts due to associates disclosed in note 28, bank and other borrowings disclosed in note 33, senior notes and bonds disclosed in note 35, convertible bonds disclosed in note 36, net of cash and cash equivalents and restricted bank deposits, and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Company reviews the capital structure periodically. As part of this review, the management of the Company assesses budgets of major property projects taking into account of the provision of funding. Based on the operating budgets, the management of the Company consider the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the payment of dividends, new share issues and share buy-back as well as the issue of new debts or the redemption of existing debts.

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
Financial assets at amortised cost	**34,657,811**	37,637,644
Equity instruments designated at FVTOCI	**367,868**	353,348
Financial assets at FVTPL	**297,610**	289,814
Financial liabilities		
At amortised cost	**138,279,884**	169,877,111
Financial liabilities at FVTPL – Convertible bonds	**701,685**	–

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments designated at FVTOCI, financial assets at FVTPL, trade and other receivables, amounts due from NCI, joint ventures and associates, restricted bank deposits, bank balances and cash, trade and other payables, amounts due to NCI, joint ventures and associates, bank and other borrowings, senior notes and bonds, and convertible bonds. Details of these financial instruments are disclosed 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 manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

40. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk related primarily to its variable-rate bank borrowings, restricted bank deposits and bank balances.

The Group is also exposed to fair value interest rate risk related primarily to fixed-rate bank and other borrowings, interest bearing portion of amounts due from joint ventures, associates and NCI and amounts due to joint ventures and senior notes and bonds. The Group currently does not enter any interest rate swaps to hedge its exposure to fair value interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rate risk for its variable-rate bank and other borrowings at the end of the reporting period. The restricted bank deposits and bank balances are not included in the sensitivity analysis as the management of the Group considers that the interest rate fluctuation is minimal. The analysis is prepared assuming the variable-rate bank and other borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 50 (2023: 50) basis points increase or decrease is used when reporting cash flow interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

If interest rates had been 50 (2023: 50) basis points higher/lower with all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2024 would increase/decrease by RMB15,692,000 (2023: post-tax loss for the year would increase/decrease by RMB49,648,000).

40. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Foreign currency risk

The Group's transactions were mainly conducted in RMB, the functional currency of the Company and its subsidiaries, and its major receivables and payables are denominated in RMB. The Group is subject to foreign exchange rate risk arising from the assets and liabilities which are denominated in currency other than the functional currency of the relevant group entity. The majority of the Group's foreign currency transactions and balances are denominated in HKD, CAD and USD. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group's foreign currency denominated monetary assets and monetary liabilities include bank and other borrowings, senior notes and bonds and bank balances at the end of respective reporting period and the carrying amounts are as follows:

	2024 **RMB'000**	2023 RMB'000
Assets		
HKD	**92,688**	269,251
USD	**1,594**	9,779
AUD	**–**	9,156
Intra-group assets		
CAD	**1,899,764**	2,077,178
Liabilities		
HKD	**827,085**	5,688,278
USD	**14,463,019**	35,025,301

40. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Foreign currency risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in RMB against the relevant foreign currencies including intra-group balances. The sensitivity rates used represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number (negative number) below indicates a decrease in post-tax loss (an increase in post-tax loss) where RMB strengthens 5% (2023: 5%) against the relevant currency. For a 5% (2023: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the post-tax loss.

	2024	2023
	RMB'000	RMB'000
Loss for the year		
HKD	**88,871**	262,203
USD	**904,001**	1,689,508
CAD	**(110,800)**	(112,769)
AUD	**–**	(458)

(iii) Other price risk

The Group is exposed to equity price risk through its investments in equity instruments measured at FVTOCI and financial assets at FVTPL. The Group invested in certain unquoted equity instruments for investees operating in relevant industry sector for long term strategic purposes which had been designated as FVTOCI, and financial assets at FVTPL. The Group currently does not have a hedging policy in relation to the price risk. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

40. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

In order to minimise the credit risk of trade receivables, and contract assets, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of these balances individually and/or collectively at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Group performs impairment assessment under ECL model in accordance with IFRS 9 on trade balances individually or based on provision matrix. For trade receivables and contract assets, the Group has applied the simplified approach under IFRS 9 to measure the loss allowance at lifetime ECL. The lifetime ECL provided for trade receivables and contract assets is RMB132,902,000 (2023: RMB44,625,000) (life-time not credit-impaired) for the year ended 31 December 2024 based on historical credit loss experience adjusted by forward-looking estimates without undue cost or effort, the loss rate ranging from 0% to 100% is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The credit risk of other receivables and amounts due from NCI, joint ventures and associates are managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. The Group performs impairment assessment under ECL model in accordance with IFRS 9 on these outstanding balances.

For other receivables, the Group measures the loss allowance at 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in likelihood or risk of a default occurring since initial recognition. Certain other receivables had significant increase in credit risk since initial recognition for these financial assets. The balances are monitored on an ongoing basis and the Group's exposure to credit risk is not significant since the Group only trades with creditworthy third parties, there is no requirement for collateral.

40. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Where applicable, an impairment analysis on other receivables is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings, if any. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate ranging from 0% to 100% is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The Group has provided ECL amounting to RMB554,470,000 (2023: RMB159,164,000) for other receivables for the year ended 31 December 2024.

For amounts due from NCI, joint ventures and associates, the Group measures the loss allowance at 12m ECL. The Group has made periodic assessments as well as individual assessment on recoverability based on historical settlement records and adjusts for forward-looking information. The impairment assessment has taken into account the property assets held by NCI, joint ventures and associates, if applicable, the financial capability of these debtors and considering the future prospects of the industry in which these debtors operate at, (i.e. the Group will consider the pre-sale plan of the property projects held by joint ventures or associates, where applicable). An impairment of RMB216,530,000 was recognised in respect of the amounts due from NCI and joint ventures during the year ended 31 December 2023. Reversal of impairment of RMB10,506,000 was recognised in respect of the amounts due from NCI during the year ended 31 December 2024.

The credit risk on liquid funds is low because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or state-owned banks in the PRC. The management of the Company consider the probability of default is negligible on the basis of high credit-rating issuers during both years.

40. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

There has been no significant changes to estimation techniques or assumptions made during the current year.

The concentration of credit risk in respect of trade receivables is minimal, no customer represent more than 5% of the total trade receivables as at 31 December 2024 and 2023. The management of the Company continue to monitor and assess the financial status of the counterparties, and they believe the exposure to credit risk on these balances is not significant as the counterparties are of good financial position.

As at 31 December 2024 and 2023, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, 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 guarantees provided by the Group is arising from the amount of contingent liabilities in relation to financial guarantees provided by the Group.

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB66,444,842,000 (2023: RMB74,592,326,000) as at 31 December 2024. At the end of the reporting period, the management of the Company has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Details of the financial guarantee contracts are set out in note 46.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings. The management of the Company closely monitor the liquidity position and its compliance with lending covenants and expect to have adequate sources of funding to finance the Group's property projects and operations.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. For non-derivative financial liabilities and lease liabilities, the tables have been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

40. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables

	Weighted average interest rate	On demand or within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Total carrying amount at 31 December 2024 RMB'000
2024							
Trade and other payables	-	54,063,728	-	-	-	54,063,728	54,063,728
Amounts due to NCI	-	1,848,801	-	-	-	1,848,801	1,848,801
Amount due to joint venture	-	7,278,811	-	-	-	7,278,811	7,278,811
Amounts due to joint venture	15.00%	160,600	-	-	-	160,600	115,000
Amounts due to associates	-	1,168,730	-	-	-	1,168,730	1,168,730
Bank and other borrowings	8.64%	53,356,625	1,333,852	1,105,096	-	55,795,573	51,180,222
Senior notes and bonds	9.85%	4,876,749	4,410,573	5,990,725	18,395,116	33,673,163	22,624,592
Financial guarantees contracts	-	66,444,842	-	-	-	66,444,842	-
		189,198,886	5,744,425	7,095,821	18,395,116	220,434,248	138,279,884
Lease liabilities	9.35%	539,815	172,071	488,585	899,542	2,100,013	1,571,669

40. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

	Weighted average interest rate	On demand or within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Total carrying amount at 31 December 2023 RMB'000
2023							
Trade and other payables	–	51,568,721	–	–	–	51,568,721	51,568,721
Amounts due to NCI	–	2,005,845	–	–	–	2,005,845	2,005,845
Amount due to joint venture	–	7,555,480	–	–	–	7,555,480	7,555,480
Amounts due to joint venture	15.00%	151,038	–	–	–	151,038	115,000
Amounts due to associates	–	1,180,869	–	–	–	1,180,869	1,180,869
Bank and other borrowings	8.36%	72,764,245	1,968,516	2,647,130	233,221	77,613,112	71,759,791
Senior notes and bonds	6.68%	30,291,879	3,835,624	4,429,934	–	38,557,437	35,691,405
Financial guarantees contracts	–	74,592,326	–	–	–	74,592,326	–
		240,110,403	5,804,140	7,077,064	233,221	253,224,828	169,877,111
Lease liabilities	9.31%	583,675	199,696	500,796	1,064,473	2,348,640	1,514,216

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.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

40. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurement of financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial instruments	Fair value as at 31 December 2024 RMB'000	2023 RMB'000	Fair value hierarchy	Valuation techniques and key inputs
Equity instruments designated at FVTOCI – unlisted investments	**326,948**	321,068	Level 3	Market approach considers comparable company enterprise value and discount for lack of marketability.
Equity instruments designated at FVTOCI – listed investments	**40,920**	32,280	Level 1	Quoted price based on Shenzhen Stock Exchanges at the end of the reporting period (or the nearest day of trading).
Financial assets at FVTPL – unlisted equity instruments	**266,999**	259,217	Level 3	Discounted cash flow. Future cash flows are estimated based on expected return of the underlying investments, discounted at a rate that reflects the internal rate of return of the underlying investments.
Financial assets at FVTPL – Wealth management plans	**30,611**	30,597	Level 3	The fair value was determined with reference to the fair value of underlying investments of the plans which are provided by the counterparty financial institutions.
Financial liabilities at FVTPL – MCBs	**701,685**	–	Level 3	Binomial Model method. The future payoff of the CB are estimated based on conversion features, redemption options etc, discounted at risk-free rate and risk-adjusted rate respectively.

40. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurement of financial instruments (Continued)

The following table presents the reconciliation of Level 3 measurements of financial assets and financial liabilities throughout the year:

	Equity instruments designated at FVTOCI RMB'000	**Financial assets at FVTPL** RMB'000	**Financial liabilities at FVTPL** RMB'000
At 1 January 2023	458,389	327,614	–
Additions	–	65,810	–
Disposal of subsidiaries	(148,524)	–	–
Disposal	–	(103,610)	–
Change in fair value	11,203	–	–
At 31 December 2023	321,068	289,814	–
Additions			669,406
Change in fair value	5,880	7,796	41,279
At 31 December 2024	326,948	297,610	710,685

Except for convertible bonds, senior notes and bonds, equity instruments designated at FVTOCI and financial assets at FVTPL, the management of the Group considers that the carrying amounts of the other financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values at the end of the reporting period.

The fair values of financial assets and financial liabilities (other than certain equity instruments designated at FVTOCI, certain financial assets at FVTPL, convertible bonds, and senior notes and bonds) of the Group is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

41. ACQUISITIONS OF SUBSIDIARIES

FOR THE YEAR ENDED 31 DECEMBER 2024

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

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

Details of subsidiaries acquired are as below:

Name of subsidiary	Place of incorporation/ establishment	Acquisition completed in	Equity interest acquired	Consideration RMB'000
廣州金暉煌旅遊開發有限公司 (Guangzhou Jinhuihuang Tourism Development Co. Ltd.) ("Guangzhou Jinhuihuang")	Guangdong, the PRC	September	90%	–

41. ACQUISITIONS OF SUBSIDIARIES (Continued)

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

	2024 RMB'000
Properties under development	**462,522**
Trade and other receivables	**66,296**
Tax recoverable	**4,716**
Bank balances and cash	**27,148**
Bank and other borrowings	**(129,368)**
Trade and other payables	**(95,533)**
Contract liabilities	**(190,927)**
Amounts due to an associate	**(111,672)**
Net assets	**33,182**
Satisfied by consideration	
– interests in an associate	**33,182**

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

	2024 RMB'000
Cash consideration paid	**–**
Less: cash and cash equivalent acquired	**27,148**
	27,148

41. ACQUISITIONS OF SUBSIDIARIES (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

Details through acquisitions of subsidiaries acquired are as below:

Name of subsidiary	Place of incorporation/ establishment	Acquisition completed in	Equity interest acquired	Consideration
				RMB'000
廣州旭承置業有限公司 (Guangzhou Xucheng Real Estate Development Co. Ltd.)	Guangdong, the PRC	December	100%	–*
重慶市碧津房地產開發有限公司 (Chongqing Bijin Real Estate Development Co. Ltd.)	Chongqing, the PRC	December	70%	–
蚌埠奧園置業有限公司 (Bengbu Aoyuan Real Estate Development Co. Ltd.)	Anhui, the PRC	January	100%	–*
河源市山湖海房地產開發經營有限責任公司 (Heyuan Shanhuhai Real Estate Development Co. Ltd.)	Guangdong, the PRC	November	100%	–*
				–

* The considerations are less than RMB1,000.

41. ACQUISITIONS OF SUBSIDIARIES (Continued)

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

	2023 RMB'000
Properties for sale	1,073,370
Trade and other receivables	450,475
Tax recoverable	34,143
Bank balances and cash	174,453
Bank and other borrowings	(36,200)
Trade and other payables	(1,113,650)
Contract liabilities	(582,339)
Tax liabilities	(252)
Satisfied by consideration	–

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

	2023 RMB'000
Cash consideration paid	–
Less: cash and cash equivalent acquired	174,453
	174,453

42. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES

FOR THE YEAR ENDED 31 DECEMBER 2024

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

Name of subsidiary	Place of incorporation/ establishment	Equity interest held by the Group before acquisition	Equity interest held by the Group after acquisition	Consideration
				RMB'000
濟南奧譽置業有限公司 (Ji'nan Aoyu Property Co., Ltd.)	Shandong, the PRC	70%	100%	–

These acquisitions have been accounted for as equity transactions and the total difference between the consideration paid and the carrying amounts of the attributable non-controlling interests acquired of RMB33,226,000 had been recognised directly in special reserve for the year ended 31 December 2024.

42. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Name of subsidiary	Place of incorporation/ establishment	Equity interest held by the Group before acquisition	Equity interest held by the Group after acquisition	Consideration
				RMB'000
長沙奧園利泓房地產有限公司 (Changsha Aoyuan Lihong Real Estate Development Co. Ltd.)	Hunan, the PRC	90%	100%	–
江門市蓬江區白石永灝地產開發有限公司 (Jiangmen Pengjiang Baishi Yonghao Real Estate Development Co., Ltd.)	Guangdong, the PRC	58%	85%	–
廣州奧園錦泰置業有限公司 (Guangzhou Aoyuan Jintai Real Estate Co., Ltd.)	Guangdong, the PRC	51%	82%	–
惠州慶達房地產有限公司 (Huizhou Qingda Real Estate Co., Ltd.)	Guangdong, the PRC	60%	100%	41,510
興寧奧園置業有限公司 (Xingning Aoyuan Property Co., Ltd.)	Guangdong, the PRC	50%	100%	–
蘇州市隆福房地產開發有限公司 (Suzhou Longfu Real Estate Development Co., Ltd.)	Jiangsu, the PRC	51%	100%	–*
				41,510

* The consideration was less than RMB1,000.

These acquisitions have been accounted for as equity transactions and the total difference between the consideration paid and the carrying amounts of the attributable non-controlling interests acquired of RMB77,440,000 had been recognised directly in special reserve for the year ended 31 December 2023.

43. DISPOSAL OF SUBSIDIARIES

FOR THE YEAR ENDED 31 DECEMBER 2024

Details of disposal of subsidiaries are as below:

Name of subsidiaries disposed	Place of establishment/ Incorporation	The date of disposal	Equity interest before disposal	Equity interest after disposal
惠州大亞灣房利美投資有限公司 (Huizhou Dayawan Fanglimei Investment Co., Ltd.)	Guangdong the PRC	June	100%	–
湖州奧冠置業有限公司* (Huzhou Aoguan Property Co., Ltd.)	Zhejiang, the PRC	March	100%	–
泉州奧發置業有限公司 (Quanzhou Aofa Property Co., Ltd.)	Fujian, the PRC	February	100%	–
泉州奧嘉置業有限公司 (Quanzhou Aojia Property Co., Ltd.)	Fujian, the PRC	February	60%	–
廣州鴻珺房地產有限公司* (Guangzhou Hongjun Real Estate Co., Ltd)	Guangdong the PRC	May	100%	–
惠州市嘉翔房地產開發有限公司 (Huizhou Jiaxiang Real Estate Development Co., Ltd)	Guangdong the PRC	May	100%	–
東莞清溪中奧泰置業有限責任公司 (Dongguan Qingxi Zhongaotai Real Estate Co., LTD)	Guangdong the PRC	January	80%	–
佑林泛太(昆山)置業有限公司* (Youlin Fantai (Kunshan) Real Estate Co., Ltd.)	Jiangsu, the PRC	September	100%	–
珠海奧園信正科技有限公司 (Zhuhai Aoyuan Xinzheng Technology Co., Ltd.)	Guangdong the PRC	July	51%	–

43. DISPOSAL OF SUBSIDIARIES (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024 (Continued)

Details of disposal of subsidiaries are as below: (Continued)

Name of subsidiaries disposed	Place of establishment/ Incorporation	The date of disposal	Equity interest before disposal	Equity interest after disposal
天津市五一陽光投資發展有限公司 (Tianjin Wuyi Yangguang Investment and Development Co., Ltd.)	Tianjin, the PRC	December	100%	–
漳州奧地置業有限公司 (Zhangzhou Aodi Real Estate Co., Ltd.)	Fujian, the PRC	September	100%	–
平潭奧新置業有限公司 (Pingtan Aoxin Real Estate Co., Ltd.)	Fujian, the PRC	September	60%	–
河源市山湖海房地產開發經營有限責任公司 (Heyuan Shanhuhai Real Estate Development and Operation Co., Ltd.)	Guangdong, the PRC	July	100%	–
湖南聯盛置業有限公司 (Hunan Liansheng Real Estate Co., Ltd.)	Hunan, the PRC	November	51%	–

* These companies have commenced bankruptcy liquidation or bankruptcy reorganization proceedings during the current fiscal year.

43. DISPOSAL OF SUBSIDIARIES (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

Details of disposal of subsidiaries are as below:

Name of subsidiaries disposed	Place of establishment/ Incorporation	The date of disposal	Equity interest before disposal	Equity interest after disposal
泉州奧園置業有限公司 (Quanzhou Aoyuan Real Estate Co., Ltd.)	Fujian, the PRC	February	80%	–
興寧敏尚房地產開發有限公司 (Xingning Minshang Real Estate Development Co., Ltd.)	Guangdong, the PRC	March	50%	–
嘉興奧譽置業有限公司* (Jiaxing Aoyu Real Estate Co., Ltd.)	Zhejiang, the PRC	May	100%	–
邢臺市宏煜房地產開發有限公司* (Xingtai Hongyu Real Estate Development Co., Ltd.)	Hebei, the PRC	May	60%	–
揚州奧園置業有限公司* (Yangzhou Aoyuan Real Estate Co., Ltd.)	Jiangsu, the PRC	June	100%	–
廣州錦潤置業有限公司 (Guangzhou Jinrun Real Estate Co., Ltd.)	Guangdong, the PRC	June	60%	–
揚州中城同進房地產有限公司 (Yangzhou Zhongcheng Tongjin Real Estate Co., Ltd.)	Jiangsu, the PRC	June	60%	–
江蘇綠信置業有限公司 (Jiangsu Lvxin Real Estate Co., Ltd.)	Jiangsu,the PRC	June	30%	–
中山市金磚永固置業發展有限公司* (Zhongshan Jinzhuanyonggu Real Estate Development Co., Ltd.)	Guangdong,the PRC	July	77%	–
江門奧輝教育投資有限公司 (Jiangmen Aohui Education Investment Co., Ltd.)	Guangdong, the PRC	July	100%	–

43. DISPOSAL OF SUBSIDIARIES (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2023 (Continued)

Details of disposal of subsidiaries are as below: (Continued)

Name of subsidiaries disposed	Place of establishment/ Incorporation	The date of disposal	Equity interest before disposal	Equity interest after disposal
華南師範大學附屬恩平學校 (South China Normal University affiliated Enping School)	Guangdong, the PRC	July	100%	–
廊坊榮弘房地產開發有限責任公司 (Langfang Ronghong Real Estate Development Co., Ltd.)	Hebei, the PRC	July	70%	–
瀘州合府置業有限公司 (Luzhou Hefu Real Estate Co., Ltd.)	Sichuan, the PRC	November	51%	–
南充合府置業有限公司 (Nanchong Hefu Real Estate Co., Ltd.)	Sichuan, the PRC	November	51%	–
寧波迪賽前豐置業有限公司* (Ningbo Disai Qianfeng Real Estate Co., Ltd.)	Zhejiang, the PRC	October	100%	–
Aoyuan Parking and Storage (BC) Ltd. 133A Street Projects Ltd. Aoyuan 133A Surrey GP Ltd.	Canada	July	100%	–
星悦康旅股份有限公司 (Starjoy Wellness and Travel Company Limited)	The Cayman Islands	July	54.58%	24.68%

* These companies have commenced bankruptcy liquidation or bankruptcy reorganization proceedings during the current fiscal year.

43. DISPOSAL OF SUBSIDIARIES (Continued)

Details of the net assets disposed of in respect of the transactions for the years ended 31 December 2024 and 2023 are summarised below:

	2024 **RMB'000**	2023 RMB'000
Property, plant and equipment	**252**	31,207
Investment properties	**–**	113,851
Right-of-use assets	**–**	6,417
Goodwill	**–**	151,118
Intangible assets	**–**	72,301
Deferred tax assets	**268,357**	76,578
Properties for sale	**7,086,310**	8,917,742
Inventories	**221**	6,999
Trade and other receivables	**1,533,886**	3,803,604
Amounts due from the Group	**546,379**	–
Amounts due from joint ventures	**18,810**	363,959
Amounts due from associates	**8**	2,598
Deposits paid for acquisition of property, plant and equipment	**–**	2,524
Equity instruments at FVTOCI	**–**	148,524
Amounts due from NCI	**18,272**	630,829
Tax recoverable	**74,390**	284,462
Bank balances and cash	**55,371**	1,521,363
Restricted bank deposits	**292,576**	57,947
Trade and other payables	**(2,038,279)**	(4,403,905)
Contract liabilities	**(3,474,087)**	(6,084,575)
Amount due to a joint venture	**(4,748)**	(45,288)
Amounts due to NCI	**(206,370)**	(750,711)
Tax liabilities	**–**	(247,359)
Amounts due to associates	**(232)**	(47,352)
Bank and other borrowings	**(2,358,088)**	(1,199,510)
Deferred income	**–**	(6,908)
Lease liabilities	**–**	(4,244)
Net assets disposed of	**1,813,028**	3,402,171

43. DISPOSAL OF SUBSIDIARIES (Continued)

Loss on disposal of subsidiaries

	2024 RMB'000	2023 RMB'000
Cash consideration	**994,288**	695,062
Fair value of retained equity interests	**–**	194,808
Net assets disposed of	**(1,813,028)**	(3,402,171)
Non-controlling interests	**49,341**	911,342
Loss on disposal	**(769,399)**	(1,600,959)

Net cash outflow arising from disposal of subsidiaries (excluding those classified as held-for-sale in previous reporting period):

	2024 RMB'000	2023 RMB'000
Cash consideration	**994,288**	695,062
Less: bank balances and cash of the subsidiaries disposed of	**(55,371)**	(1,521,363)
Less: cash consideration utilised to settle bank and other borrowings	**(902,510)**	–
Less: consideration receivables included in other receivables	**(82,757)**	(2,414)
Net cash outflow arising on disposals	**(46,350)**	(828,715)

44. DISPOSAL OF PARTIAL INTEREST IN A SUBSIDIARY WITHOUT LOSS OF CONTROL

There were no disposal of partial interest in a subsidiary without loss of control during the year ended 31 December 2024.

During the year ended 31 December 2023, 7.5% equity interest in Aoyuan Beauty Valley held by Shenzhen Aoyuan Kexing Investment Co., Ltd. ("Aoyuan Kexing") has been forcibly auctioned off by the court. The proceeds from the auction was RMB172,953,000. Upon completion of the auction, Aoyuan Kexing still holds 22.54% equity interest in Aoyuan Beauty Valley and the Group remained able to exercise control over Aoyuan Beauty Valley after the partial disposal.

45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flow will be, classified in the Group's consolidated financial statements of cash flows from financing activities.

			Non-cash changes							
	At 1 January 2024 RMB'000	Financing cash flow RMB'000	Finance cost of the year RMB'000	Non-cash transaction RMB'000	Acquisition of subsidiaries RMB'000	Disposal of subsidiaries RMB'000	Disposal of assets	Dividend declared RMB'000	Foreign exchange loss/(gain) RMB'000	At 31 December 2024 RMB'000
Amounts due to NCI	2,005,845	(674)	-	-	-	(156,370)	-	-	-	1,848,801
Amounts due to joint ventures	7,670,480	(105,667)	45,600	(211,854)	-	(4,748)	-	-	-	7,393,811
Amounts due to associates	1,180,869	(13,579)	-	(110,000)	111,672	(232)	-	-	-	1,168,730
Bank and other borrowings	71,759,791	(1,025,891)	-	(15,882,978)	129,368	(2,358,088)	(1,414,138)	-	(27,842)	51,180,222
Senior notes and bonds	35,691,405	(40,350)	1,667,045	(14,867,689)	-	-	-	-	174,181	22,624,592
Lease liabilities	1,514,216	(63,732)	121,185	-	-	-	-	-	-	1,571,669
Dividend payable to NCI	-	(10,540)	-	-	-	-	-	10,540	-	-
At 31 December 2024	119,822,606	(1,260,433)	1,833,830	(31,072,521)	241,040	(2,519,438)	(1,414,138)	10,540	146,339	85,787,825

			Non-cash changes							
	At 1 January 2023 RMB'000	Financing cash flow RMB'000	Finance cost of the year RMB'000	Non-cash transaction RMB'000	Reclassification RMB'000	Acquisition of subsidiaries RMB'000	Disposal of subsidiaries RMB'000	Dividend declared RMB'000	Foreign exchange gains RMB'000	At 31 December 2023 RMB'000
Amounts due to NCI	2,968,840	241,507	–	–	(453,791)	–	(750,711)	–	–	2,005,845
Amounts due to joint ventures	8,501,038	292,820	36,038	(44,104)	(1,070,024)	–	(45,288)	–	–	7,670,480
Amounts due to associates	1,209,978	50,929	–	–	(32,686)	–	(47,352)	–	–	1,180,869
Bank and other borrowings	76,294,350	(2,556,984)	71,770	(996,365)	–	36,200	(1,199,510)	–	110,330	71,759,791
Senior notes and bonds	32,755,541	(11,589)	2,380,136	–	–	–	–	–	567,317	35,691,405
Lease liabilities	1,515,076	(145,946)	131,214	18,116	–	–	(4,244)	–	–	1,514,216
Dividend payable to NCI	–	(35,981)	–	–	–	–	–	35,981	–	–
At 31 December 2023	123,244,823	(2,165,244)	2,619,158	(1,022,353)	(1,556,501)	36,200	(2,047,105)	35,981	677,647	119,822,606

46. FINANCIAL GUARANTEE CONTRACTS

At the end of respective reporting period, the Group had financial guarantee contracts as follows:

	2024	2023
	RMB'000	RMB'000
Guarantees given to banks in connection with facilities granted to third parties	**58,825,080**	64,937,213
Guarantees given to banks in connection with facilities granted to joint ventures	**7,619,762**	9,622,963
Guarantees given to banks in connection with facilities granted to associates	**–**	32,150

The Group acted as guarantor to the banks in respect of the mortgage bank loans granted to certain purchasers of the Group's properties and agreed to repay the outstanding mortgaged loans upon the purchasers' default on the repayment of the outstanding mortgage loans and the loan interest accrual thereon. The Group's guarantee periods commence from the dates of grants of the relevant mortgage loans and end after the buyers obtain the individual property ownership certificate of the property purchased. In the opinion of the management of the Company, the fair value of the financial guarantee contracts is not significant at the initial recognition and provision has not been made as the Group has not applied for individual building ownership certificates for these buyers and can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks.

The Group had provided guarantees in respect of banking facilities granted by banks to the Group's joint ventures and associates. In the opinion of the management of the Company, the fair value of guarantee contracts are insignificant at initial recognition. Also, no provision for the guarantee contracts at the end of the reporting period is recognised as the default risk is low.

47. OPERATING LEASE ARRANGEMENTS

The Group as lessor

Contingent rental for certain properties was charged to tenants and was determined by a certain percentage of turnover earned by the tenants upon their turnover exceeding the pre-determined monthly rental. The contingent rental income recognised during the year ended 31 December 2024 amounted to RMB5,562,000 (2023: RMB8,557,000). The properties held by the Group for rental purpose have committed tenants for periods ranging from 1 to 20 years (2023: 1 to 20 years).

Minimum lease payments receivable on leases are as follows:

	2024 **RMB'000**	2023 RMB'000
With in one year	**78,624**	133,521
In the second year	**90,102**	107,665
In the third year	**41,631**	83,425
In the fourth year	**32,576**	58,776
In the fifth year	**28,879**	47,377
After five years	**224,345**	341,579
	496,157	772,343

Rental from certain tenants of an investment property is determined at the amount of the higher of a specified percentage of their turnover and a fixed monthly rental. The remaining properties are expected to generate rental yields of average 0.50% to 6.05% (2023: 0.35% to 5.05%) per annum on an on-going basis.

48. OTHER COMMITMENTS

At the end of respective reporting period, the Group has other commitments as follow:

	2024 RMB'000	2023 RMB'000
Construction cost commitments for properties for sale contracted for but not provided in the consolidated financial statements	**12,609,336**	13,900,491
Construction cost commitments for investment properties contracted for but not provided in the consolidated financial statements	**334,609**	331,721

The Group's share of commitments made jointly with other investors relating to its joint ventures are as follows:

	2024 RMB'000	2023 RMB'000
Construction cost commitments for properties for sale contracted for but not provided in the consolidated financial statements	**3,832,829**	3,619,507

49. PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Group at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
Property, plant and equipment (note 15)	**2,307,662**	2,648,982
Right-of-use assets (note 16)	**396,916**	427,141
Investment properties (note 17)	**8,315,421**	9,845,846
Restricted bank deposits (note 30)	**40,738**	40,748
Properties for sale (note 26)	**54,308,880**	59,577,343
	65,369,617	72,540,060

The Group's equity interests in certain subsidiaries, which hold certain pledged properties under development for sale included above, have been pledged to secure certain banking facilities granted to the Group.

50. RETIREMENT BENEFITS 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's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

The Group also operates a Mandatory Provident Fund Scheme for all qualified employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. The Group contributes 5% of relevant payroll costs to the scheme and the same amount is matched by employees.

Contribution to the defined contribution plans in Canada are made by the employer based on a certain percentage of the employees' salaries and wages.

The Group recognised the retirement benefit contributions of RMB5,127,000 (2023: RMB12,305,000) for the year ended 31 December 2024.

51. RELATED PARTY TRANSACTIONS

(a) Other than as disclosed elsewhere in these consolidated financial statements, the Group had material transactions during the year with related parties as follows:

Related party	Nature of transaction	**2024 RMB'000**	2023 RMB'000
Joint Ventures	Interest income	**6,337**	12,674
Joint Ventures	Interest expense	**45,600**	36,038
NCI (note)	Interest income	**22,116**	44,248
Associate	Rental income	**–**	3,482
Associate	Other expenses	**–**	112,513
Associate	Interest income	**6,591**	13,182

Note: These entities have significant influence over several non-wholly owned subsidiaries of the Company.

51. RELATED PARTY TRANSACTIONS (Continued)

(b) The remuneration of key management personnel during the year is as follows:

	2024 RMB'000	2023 RMB'000
Short-term benefits	**13,268**	15,088
Retirement benefit scheme contributions	**241**	577
	13,509	15,665

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) General information of principal subsidiaries

Details of the Group's principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2024	2023	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
Add Hero holding Limited ("Add Hero") (note a)	British Virgin Islands ("BVI")	**100%**	100%	US$10,000	Investment holdings	Limited liability company
Capital Benefit Limited	Hong Kong	**100%**	100%	HKD1	Property development	Limited liability company
奧園集團有限公司 (Aoyuan Group Company Limited) (the "Aoyuan Group")	the PRC	**100%**	100%	RMB6,110,000,000	Investment holding, loan financing and property development	Limited liability company
廣州奧園資產經營管理有限公司 (Guangzhou Aoyuan Assets of Management Company Limited)	Guangdong, the PRC	**100%**	100%	RMB50,000,000	Provision of consultancy services	Limited liability company

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2024	2023	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
江門江奧地產開發有限公司 (Jiangmen Jiangao Real Estate Development Company Limited)	Guangdong, the PRC	**51%**	51%	RMB50,000,000	Property development	Limited liability company
瀋陽奧園新城置業有限公司 (Shenyang Aoyuan New City Property Company Limited)	Liaoning, the PRC	**100%**	100%	RMB1,030,000,000	Property development	Limited liability company
廣州奧譽房地產開發有限公司 (Guangzhou Aoyu Real Estate Exploitation Company Limited)	Guangdong, the PRC	**100%**	100%	HKD1,390,000,000	Property development	Limited liability company
廣州南沙奧園養生酒店有限公司 (Guangzhou Nansha Aoyuan Health Hotel Company Limited)	Guangdong, the PRC	**100%**	100%	RMB110,000,000	Hotel operation	Limited liability company
雲浮奧園置業有限公司 (Yun Fun Aoyuan Properties Company Limited)	Guangdong, the PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
重慶粵奧置業有限公司 (Chongqing Yueao Property Company Limited)	Chongqing, the PRC	**100%**	100%	RMB450,000,000	Property development	Limited liability company
奧園集團重慶置業有限公司 (Aoyuan Group Chongqing Property Company Limited)	Chongqing, the PRC	**100%**	100%	RMB784,313,725	Property development	Limited liability company
廣州康威集團有限公司 (Guangzhou Kangwei Group Company Limited)	Guangdong, the PRC	**100%**	100%	RMB150,000,000	Property development	Limited liability company

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2024	Attributable effective equity interest held 2023	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
佛山市南海奧譽房地產開發有限公司 (Foshan Nanhai Ao Yu Real Estate Development Company Limited)	Guangdong, the PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
奧園集團(梅州)有限公司 (Aoyuan Group(Meizhou) Company Limited)	Guangdong, the PRC	**100%**	100%	RMB380,000,000	Property development	Limited liability company
佛山奧冠置業有限公司 (Foshan Aoguan Property Company Limited)	Guangdong, the PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
奧園集團(佛山)置業有限公司 (Foshan Aoyuan Property Company Limited)	Guangdong, the PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
奧園集團(英德)有限公司 (Yingde Aoyuan Group Company Limited) ("Yingde Aoyuan")	Guangdong, the PRC	**100%**	100%	RMB1,000,000,000	Property development	Limited liability company
奧園集團(韶關)有限公司 (Shaoguan Aoyuan Group Company Limited)	Guangdong, the PRC	**100%**	100%	RMB180,000,000	Property development	Limited liability company
重慶奧譽置業有限公司 (Chongqing Aoyu Property Company Limited)	Chongqing, the PRC	**100%**	100%	RMB1,600,000,000	Property development	Limited liability company
蕉嶺奧園廣場有限公司 (Jiaoling Aoyuan Square Company Limited)	Guangdong, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2024	2023	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
重慶錦奧置業有限公司 (Chongqing Jinao Property Company Limited)	Chongqing, the PRC	**100%**	100%	RMB2,519,702,072	Property development	Limited liability company
五華奧園廣場有限公司 (Wuhua Aoyuan Square Company Limited)	Guangdong, the PRC	**100%**	100%	RMB200,000,000	Property development	Limited liability company
廣東蕉嶺建築工程集團有限公司 (Guangdong Jiaoling Construction Engineering Group Company Limited.)	Guangdong, the PRC	**100%**	100%	RMB300,000,000	Construction & design	Limited liability company
廣西瀚林地產開發有限公司 (Guangxi Hanlin Property Development Company Limited)	Guangxi, the PRC	**100%**	100%	RMB200,000,000	Property development	Limited liability company
安徽勤聯房地產開發有限公司 (Anhui Qinlian Property Development Company Limited)	Anhui, the PRC	**100%**	100%	RMB150,000,000	Property development	Limited liability company
廣東奧園投資有限公司 (Guangdong Aoyuan Investment Company Limited)	Guangdong, the PRC	**100%**	100%	RMB100,000,000	Investment holding	Limited liability company
安徽瀚德房地產開發有限公司 (Anhui Hande Property Development Company Limited)	Anhui, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
安徽瀚華房地產開發有限公司 (Anhui Hanhua Property Development Company Limited)	Anhui, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2024	2023			
珠海市梅溪置業有限公司 (Zhuhai Meixi Property Company Limited)	Guangdong, the PRC	**93%**	93%	RMB10,000,000	Property development	Limited liability company
瀏陽奧園廣場房地產開發有限公司 (Liuyang Aoyuan Plaza Proprty Development Company Limited)	Hunan, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
玉林奧園置業有限公司 (Yulin Aoyuan Property Company Limited)	Guangxi, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
成都宜華置業有限公司 (Chengdu Yihua Property Company Limited)	Sichuan, the PRC	**100%**	100%	RMB1,500,000,000	Property development	Limited liability company
深圳市奧弘置業有限公司 (Shenzhen Aohong Real Estate Limited)	Guangdong, the PRC	**100%**	100%	RMB200,000,000	Property development	Limited liability company
深圳市瀾灣弘盛投資有限公司 (Shenzhen Lanwan Hongsheng Investments Company Limited)	Guangdong, the PRC	**100%**	100%	RMB71,400,000	Investment holding	Limited liability company
廣州市雄泰房地產開發有限公司 (Guangzhou Xiongtai Property Development Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB520,000,000	Property development	Limited liability company
惠州市泰華房地產開發有限公司 (Huizhou Taihua Property Development Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB80,000,000	Property development	Limited liability company

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2024	2023	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
惠州市泰瑞房地產開發有限公司 (Huizhou Tairui Property Development Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB35,680,000	Property development	Limited liability company
惠州市泰宏房地產開發有限公司 (Huizhou Taihong Property Development Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB35,680,000	Property development	Limited liability company
中山市華利高房地產投資有限公司 (Zhongshan Hualigao Property Investment Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB25,000,000	Property development	Limited liability company
佛山市南海恒德勝嘉置業有限公司 (Foshan Nanhai Hengde Shengjia Properties Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB250,000,000	Property development	Limited liability company
寧波海拓置業有限公司 (Ningbo Haituo Real Estate Company Limited)	Zhejiang, the PRC	**100%**	100%	RMB160,000,000	Property development	Limited liability company
寧波天派置業有限公司 (Ningbo Tianpai Real Estate Company Limited)	Zhejiang, the PRC	**100%**	100%	RMB150,000,000	Property development	Limited liability company
中山市三鄉鎮宏泰房地產開發有限公司 (Zhongshan Sanxiang Hongtai Real Estate Development Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
惠州市元谷實業有限公司 (Huizhou Yuangu Industrial Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2024	Attributable effective equity interest held 2023	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
湘潭星舟置業有限責任公司 (Xiangtan Xingzhou Property Development Co., Ltd.)	Hunan, the PRC	**100%**	100%	RMB68,000,000	Property development	Limited liability company
福建省華力偉業置地有限公司 (Fujian Hualiweiye Property Co., Ltd.)	Fujian, the PRC	**55%**	55%	RMB200,000,000	Property development	Limited liability company
寧波逸榮達置業有限公司 (Ningbo Yirongda Property Co., Ltd.)	Zhejiang, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
青島星海灣置業有限公司 (Qingdao Xinghai Bay Properties Limited)	Shandong, the PRC	**80%**	80%	RMB50,000,000	Property development	Limited liability company
珠海來利科技有限公司 (Zhuhai Laili Technology Co., Ltd.)	Guangdong, the PRC	**70%**	70%	RMB80,000,000	Property development	Limited liability company
中山市鋭大房地產有限公司 (Zhongshan Rui Da Real Estate Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
惠州市合富地產開發有限公司 (Huizhou Hefu Real Estate Development Co., Ltd.)	Guangdong, the PRC	**80%**	80%	RMB56,650,000	Property development	Limited liability company
成都環美置業有限公司 (Chengdu Huan Mei Co., Ltd.)	Sichuan, the PRC	**100%**	100%	RMB1,863,160,000	Property development	Limited liability company
惠州龍圓房地產開發有限公司 (Huizhou Longyuan Real Estate Development Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2024	2023	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
青島盛季金茂建設發展有限公司 (Qingdao Shengji Jinmao Construction Development Co., Ltd.)	Shandong, the PRC	**64%**	64%	RMB200,000,000	Property development	Sino-foreign joint venture
惠州市鴻泰昌實業有限公司 (Huizhou Hongtaichang Industrial Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB71,120,000	Property development	Limited liability company
郴州加利申房地產開發有限公司 (Chenzhou Jialishen Real Estate Development Co., Ltd.)	Hunan, the PRC	**70%**	70%	RMB333,340,000	Property development	Limited liability company
重慶勁揚房地產開發有限公司 (Chongqing Jingyang Real Estate Development Co., Ltd.)	Chongqing, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
重慶新紅陽實業有限公司 (Chongqing Xinhongyang Industrial Co., Ltd.)	Chongqing, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
珠海市祥田房地產開發有限公司 (Zhuhai Xiangtian Real Estate Development Co., Ltd.)	Guangdong, the PRC	**90%**	90%	RMB23,880,000	Property development	Limited liability company
臺山市君華置業投資有限公司 (Taishan Junhua Property Investment Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB87,000,000	Property development	Limited liability company
荊州奧園房地產開發有限公司 (Jingzhou Aoyuan Property Co., Ltd.)	Hubei, the PRC	**100%**	100%	RMB352,941,200	Property development	Limited liability company

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2024	2023	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
青島盛世嘉德商業發展有限公司 (Qingdao Shengshi Jiade Business Development co. Ltd.)	Shandong, the PRC	**64%**	64%	US$102,040,000	Property development	Limited liability company
湖南省晨啟智轂科技發展有限公司 (Hunan Chenqizhigu Technology Development co. Ltd.)	Hunan, the PRC	**100%**	100%	RMB53,333,300	Property development	Limited liability company
清遠市合創泰富房地產開發有限公司 (Qingyuan Hechuang Taifu Real Estate Development Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB200,000,000	Property development	Limited liability company
廣漢鼎興置業有限公司 (Guang Han Dingxing Real Estate Co. Ltd.)	Sichuan, the PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
惠州慶達房地產有限公司 (Huizhou Qingda Real Estate Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB75,000,000	Property development	Limited liability company
昆明亞利泰商貿有限責任公司 (Kunming Alitai Trading Co., Ltd.)	Yunnan, the PRC	**51%**	51%	RMB30,612,244	Property development	Limited liability company
重慶奧驕房地產開發有限公司 (Chongqing Aojiao Real Estate Development Co., Ltd.)	Chongqing, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
碭山縣七彩世界房地產開發有限公司 (Dangshan Qicai World Real Estate Development Co., Ltd.)	Anhui, the PRC	**100%**	100%	RMB204,081,600	Property development	Limited liability company
重慶博昂置業有限公司 (Chongqing Boang Real Estate Co., Ltd.)	Chongqing, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2024	2023	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
佛山市南海嘉美置業有限公司 (Foshan Nanhai Jiamei Real Estate Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB260,000,000	Property development	Limited liability company
四川中盛九鼎置業有限公司 (Sichuan Zhongsheng Jiuding Real Estate Co., Ltd.)	Sichuan, the PRC	**100%**	100%	RMB80,000,000	Property development	Limited liability company
恩平進升房地產開發有限公司 (Enping Jinsheng Real Estate Development Co., Ltd.)	Guangdong, the PRC	**70%**	70%	HKD66,666,700	Property development	Limited liability company
恩平華璟房地產開發有限公司 (Enping Huajing Real Estate Development Co., Ltd.)	Guangdong, the PRC	**70%**	70%	HKD66,666,700	Property development	Limited liability company
合肥前海漢華置業有限公司 (Hefei Qianhai Hanhua Real Estate Co., Ltd.)	Anhui, the PRC	**100%**	100%	RMB22,222,200	Property development	Limited liability company
成都新西南房地產有限公司 (Chengdu New Southwest Real Estate Co., Ltd.)	Sichuan, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
衡陽市世安房地產開發有限公司 (Hengyang Shi'an Real Estate Development Co., Ltd.)	Hunan, the PRC	**100%**	100%	RMB16,326,500	Property development	Limited liability company
重慶天投實業有限公司 (Chongqing Tiantou Industrial Co., Ltd.)	Chongqing, the PRC	**100%**	100%	RMB370,467,347	Property development	Limited liability company

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2024	2023	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
珠海韜睿投資發展有限公司 (Zhuhai Taorui Investment Development Co., Ltd.)	Guangdong, the PRC	**73%**	73%	RMB242,537,300	Investment holding	Limited liability company
珠海民商互聯網金融大廈開發有限公司 (Zhuhai Civil and Commercial Internet Finance Building Development Co., Ltd.)	Guangdong, the PRC	**60%**	60%	RMB100,000,000	Property development	Limited liability company
陝西萬怡置業有限公司 (Shanxi Wanyi Real Estate Co., Ltd.)	Xi'an, the PRC	**100%**	100%	RMB30,000,000	Property development	Limited liability company
西安市怡景苑房地產開發有限公司 (Xi'an Yijingyuan Real Estate Development Co., Ltd.)	Xi'an, the PRC	**100%**	100%	RMB40,000,000	Property development	Limited liability company
成都宏懋實業有限公司 (Chengdu Hongmao Industrial Co., Ltd.)	Sichuan, the PRC	**100%**	100%	RMB244,898,000	Property development	Limited liability company
廣州奧園錦泰置業有限公司 (Guangzhou Aoyuan Jintai Real Estate Co., Ltd.)	Guangdong, the PRC	**82%**	82%	RMB36,047,000	Investment holding	Limited liability company
江門市蓬江區白石永灝地產開發有限公司 (Jiangmen Pengjiang Baishi Yonghao Real Estate Development Co., Ltd.)	Guangdong, the PRC	**85%**	85%	RMB100,000,000	Property development	Limited liability company

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2024	2023	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
常德市金粟置業有限責任公司 (Changde Jinsu Real Estate Co., Ltd.)	Hunan, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
安吉銀瑞房地產開發有限公司 (Anji Yinrui Real Estate Development Co., Ltd.)	Zhejiang, the PRC	**100%**	100%	RMB68,500,000	Property development	Limited liability company
安吉銀凱置業有限公司 (Anji Yinkai Real Estate Co., Ltd.)	Zhejiang, the PRC	**73%**	73%	RMB50,000,000	Property development	Limited liability company
安吉銀盛置業有限公司 (Anji Yinsheng Real Estate Co., Ltd.)	Zhejiang, the PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
上海奧園旅遊發展有限公司 (Shanghai Olympic Garden Tourism Development Co., Ltd.)	Shanghai, the PRC	**100%**	100%	RMB90,909,000	Cultural tourism	Limited liability company
上海江南田園休閒會所有限公司 (Shanghai Jiangnan Pastoral Leisure Club Co., Ltd.)	Shanghai, the PRC	**100%**	100%	RMB18,181,800	Hotel operation	Limited liability company
廣州新弘房地產有限公司 (Guangzhou Xinhong Real Estate Development Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
西安奧園錦泰置業有限公司 (Xi'an Aoyuan Jintai Property Co., Ltd.)	Xi'an, the PRC	**49%** (note b)	49% (note b)	RMB102,040,800	Property development	Limited liability company
昆山奧盛置業有限公司 (Kunshan Aosheng Property Co., Ltd.)	Jiangsu, the PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2024	2023	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
蘇州市隆福房地產開發有限公司 (Suzhou Longfu Real Estate Development Co., Ltd.)	Jiangsu, the PRC	**100%**	100%	RMB122,488,980	Property development	Limited liability company
河北綠科房地產開發有限公司 (Hebei Ivke Real Estate Development Co., Ltd.)	Hebei, the PRC	**98%**	98%	RMB227,275,000	Property development	Limited liability company
武漢工建金奧房地產開發有限公司 (Wuhan Gongjian Jinao Real Estate Development Co., Ltd.)	Wuhan, the PRC	**100%**	100%	RMB116,670,000	Property development	Limited liability company
重慶億尊投資有限公司 (Chongqing Yizun Investment Co., Ltd.)	Chongqing, the PRC	**80%**	80%	RMB50,000,000	Property development	Limited liability company
重慶天聯置業有限責任公司 (Chongqing Tianlian Real Estate Co., Ltd.)	Chongqing, the PRC	**80%**	80%	RMB10,000,000	Property development	Limited liability company
上饒市悅盛房地產開發有限公司 (Shangrao Yuesheng Real Estate Development Co., Ltd.)	Jiangxi, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
嘉善譽鴻房地產開發有限責任公司 (Jiashan Yuhong Real Estate Development Co., Ltd.)	Zhejiang, the PRC	**100%**	100%	RMB1,000,000	Property development	Limited liability company
長興奧園置業有限公司 (Changxing Aoyuan Property Co., Ltd.)	Zhejiang, the PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2024	2023	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
河南茂睿置業有限公司 (Henan Maorui Property Co., Ltd.)	Henan, the PRC	**51%**	51%	RMB10,000,000	Property development	Limited liability company
合肥七彩世界置業有限公司 (Hefei Qicai Real Estate Co., Ltd.)	Anhui, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
湖南經閣鴻運置業有限公司 (Hunan Jingge Hongyun Real Estate Co., Ltd.)	Hunan, the PRC	**100%**	100%	RMB37,500,000	Property development	Limited liability company
重慶奧航房地產開發有限公司 (Chongqing Aohang Real Estate Development Co., Ltd.)	Chongqing, the PRC	**100%**	100%	RMB280,000,000	Property development	Limited liability company
徐州鴻濤居房地產開發有限公司 (Xuzhou Hongtaoju Real Estate Development Co., Ltd.)	Jiangsu, the PRC	**60%**	60%	RMB110,185,000	Property development	Limited liability company
梅州市奧創置業有限公司 (Meizhou Aochuang Property Co., Ltd.)	Guangdong, the PRC	**26%** (note b)	26% (note b)	RMB100,000,000	Property development	Limited liability company
宣城世茂卓盈房地產開發有限公司 (Xuancheng Shimaozhuoying Real Estate Development Co., Ltd.)	Anhui, the PRC	**51%**	51%	RMB20,000,000	Property development	Limited liability company
臨澧奧園置業有限公司 (Linli Aoyuan Property Co., Ltd.)	Hunan, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
巢湖金實置業有限公司 (Chaohu Jinshi Real Estate Co., Ltd.)	Anhui, the PRC	**100%**	100%	RMB111,111,200	Property development	Limited liability company
興寧奧園置業有限公司 (Xingning Aoyuan Property Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2024	2023	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
西安利申置業有限公司 (Xi'an Lishen Real Estate Co., Ltd.)	Xi'an, the PRC	**83%**	83%	US$50,000,000	Property development	Sino-foreign joint venture
醴陵奧江置業有限公司 (Liling Aojiang Property Co., Ltd.)	Hunan, the PRC	**51%**	51%	RMB10,000,000	Property development	Limited liability company
漳州奧園置業有限公司 (Zhangzhou Aoyuan Property Co., Ltd.)	Fujian, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
藤縣中顧置業投資有限公司 (Tengxian Zhonggu Real Estate Investment Co., Ltd.)	Guangxi, the PRC	**60%**	60%	RMB25,000,000	Property development	Limited liability company
五華縣新永宏腳手架材料有限公司 (Wuhua Xinyonghong Scaffolding material Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
廣州市合勝實業發展有限公司 (Guangzhou Hesheng Industrial Development Co., Ltd.)	Guangdong, the PRC	**50%**	50%	RMB1,000,000,000	Property development	Limited liability company
張家口奧熙房地產開發有限公司 (Zhangjiakou Aoxi Real Estate Development Co., Ltd.)	Hebei, the PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
重慶柯爵企業管理有限公司 (Chongqing Kejue Enterprise Management Co., Ltd.)	Chongqing, the PRC	**80%**	80%	RMB1,100,000,000	Investment holding	Limited liability company
合肥奧行置業有限公司 (Hefei Aoxing Real Estate Co., Ltd.)	Anhui, the PRC	**100%**	100%	RMB60,000,000	Property development	Limited liability company

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2024	2023	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
漳州奧昕房地產有限公司 (Zhangzhou Aoxin Real Estate Co., Ltd.)	Fujian, the PRC	**100%**	100%	RMB1,000,000	Property development	Limited liability company
廣州奧名置業有限公司 (Guangzhou Aoming Real Estate Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
南昌航夢置業有限公司 (Nanchang Hangmeng Real Estate Co., Ltd.)	Jiangxi, the PRC	**100%**	100%	RMB12,500,000	Property development	Limited liability company
江陰惠升置業有限公司 (Jiangyin Huisheng Real Estate Co., Ltd.)	Jiangsu, the PRC	**100%**	100%	RMB220,873,280	Property development	Limited liability company
東莞市匯正實業投資有限公司 (Dongguan Huizheng Industrial Investment Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
合肥奧東置業有限公司 (Hefei Aodong Real Estate Co., Ltd.)	Anhui, the PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
景德鎮金投置地有限公司 (Jingdezhen Jintou Land Co., Ltd.)	Jiangxi, the PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
廬山市金投置地有限公司 (Lushan Gold Investment Land Co., Ltd.)	Jiangxi, the PRC	**100%**	100%	RMB30,000,000	Property development	Limited liability company
咸寧奧泰置業發展有限公司 (Xianning Aotai Real Estate Co., Ltd.)	Hubei, the PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2024	2023	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
奧園美谷科技股份有限公司 (Aoyuan Beauty Valley Technology Co., Ltd.) (note f)	Guangdong, the PRC	**22.54%** (note f)	22.54% (note f)	RMB762,979,719	Property development and chemical fiber products manufacturing	Limited liability company
肇慶市天匯置業有限公司 (Zhaoqing Tianhui Real Estate Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB250,050,000	Property development	Limited liability company
江門市華盈投資有限公司 (Jiangmen Huaying Investment Co., Ltd.)	Guangdong, the PRC	**48%** (note b)	48% (note b)	RMB1,000,000,000	Property development	Limited liability company
溫州市瀚暘置業有限公司 (Wenzhou Hanyang Real Estate Co., Ltd.)	Zhejiang, the PRC	**51%**	51%	RMB203,000,000	Property development	Limited liability company
茂名奧園東江置業有限公司 (Maoming Aoyuan Dongjiang Real Estate Co., Ltd.)	Guangdong, the PRC	**60%**	60%	RMB100,000,000	Property development	Limited liability company
濟南奧譽置業有限公司 (Jinan Aoyu Property Co., Ltd.)	Shandong, the PRC	**100%** (note g)	70% (note g)	RMB10,000,000	Property development	Limited liability company

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2024	2023			
高安市瑞興投資發展有限公司 (Gao'an Ruixing Investment Development Co., Ltd.)	Jiangxi, the PRC	**100%**	100%	RMB348,750,000	Property development	Limited liability company

Notes

(a) Add Hero is directly held by the Company and the remaining subsidiaries comprising the Group are indirectly held by the Company.

(b) These companies are held by the Group through more than one tier of shareholding structure which leads to effective equity interest attributable to the Group in these companies to be less than 50% while penetrating to the bottom shareholding.

(c) BVI and Hong Kong incorporated companies are operating in Hong Kong. Canada incorporated companies are operating in Canada, and other subsidiaries are operating in the PRC.

(d) None of the subsidiaries had issued any debt securities at the end of the year except for the Aoyuan Group Company Limited and Add Hero. As at 31 December 2024, Ayuan Group Company Limited and Add Hero have senior notes and bond with carrying amount of RMB 8,161,573,000 (2023: 7,706,172,000) and RMB 11,805,191,000 (2023: Nil), respectively.

(e) The above table lists the principal subsidiaries of the Company which, in the opinion of the management of the Company, principally affect the results or assets of the Group. To give full details of subsidiaries would, in the opinion of the management of the Company, result in particulars of excessive length.

(f) The Group's 22.54% equity interests in Aoyuan Beauty Valley had been frozen pursuant to an application by a creditor. The creditor had made an application to the court for an open auction of relevant equity interests. Up to the date of approval of these consolidated financial statements, the application had not been approved by the relevant courts.

(g) These additional interests in subsidiaries are acquired by the Group during the year then ended 31 December 2024, details set out in Note 42.

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(b) Composition of the Group

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in the PRC. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of businesses	Number of subsidiaries	
		2024	2023
Investment holding	BVI	**45**	45
	Hong Kong	**74**	73
	the PRC	**78**	82
	Canada	**2**	2
Property development and investment	the PRC	**265**	277
	Canada	**4**	21
Provision of consultancy and management services	the PRC	**72**	72
Others	the PRC	**86**	86
		626	658

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group as at 31 December 2024 and 2023 that have material non-controlling interests:

Name of subsidiary	Place establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive (expenses)/income allocated to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	**2024**	2023	**2024**	2023
Aoyuan Beauty Valley	the PRC	**77.5%**	77.5%	**(note)**	(265,584)	**(note)**	171,104
Non-wholly subsidiaries of Aoyuan Beauty Valley	the PRC	**12%-56%**	12%-56%	**(note)**	(70,796)	**(note)**	281,166
Other subsidiaries with non-controlling interests				**(2,131,670)**	229,319	**1,944,201**	3,645,356
				(2,131,670)	(107,061)	**1,944,201**	4,097,626

Summarised financial information in respect of non-wholly owned subsidiaries of the Group that has material non-controlling interests is set out below. The summarised financial information/ consolidated financial information below represents amounts before intergroup eliminations.

Note:

At the date of these consolidated financial statements. The consolidated financial information of Aoyuan Beauty Valley for the year ended 31 December 2024 had not yet been publicly available. As such, the relevant financial information was included in "Other subsidiaries with non-controlling interests".

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Aoyuan Beauty Valley

	2024 **RMB'000**	2023 RMB'000
Non-current assets	**Note**	2,772,995
Current assets	**Note**	530,147
Current liabilities	**Note**	817,267
Non-current liabilities	**Note**	1,983,930
Equity attributable to the owner of the Company	**Note**	49,675
Equity attributable to the NCI of Aoyuan Beauty Valley	**Note**	171,104
Equity attributable to the NCI of subsidiaries of Aoyuan Beauty Valley	**Note**	281,166
Revenue	**Note**	1,364,338
Expenses	**Note**	1,777,823
Loss and total comprehensive expenses for the year	**Note**	(413,485)
Loss and total comprehensive expenses attributable to owners of the Company	**Note**	(77,105)
Loss and total comprehensive expenses attributable to the NCI of Aoyuan Beauty Valley	**Note**	(265,584)
Loss and total comprehensive expenses attributable to the NCI of subsidiaries of Aoyuan Beauty Valley	**Note**	(70,796)
Dividend distributions to NCI	**Note**	–
Net cash (inflow)/outflow from operating activities	**Note**	194,402
Net cash outflow from investing activities	**Note**	(82,181)
Net cash outflow/(inflow) from financing activities	**Note**	(190,091)
Net cash outflow/(inflow)	**Note**	(77,870)

53. MAJOR NON-CASH TRANSACTIONS

During the reporting periods, the Group had the following significant non-cash transactions:

i) During the year ended 31 December 2024, consideration for the disposal of investment properties of RMB1,138,440,000 (2023: RMB151,620,000), were utilised to settle the trade and other payables of RMB394,623,000 and the bank and other borrowings in amount of RMB743,817,000.

ii) During the year ended 31 December 2024, the Group entered into settlement arrangements with various joint ventures, pursuant to which amounts due from joint ventures and amounts due to joint ventures of approximately RMB9,954,000 (2023: RMB44,104,000) were offset.

iii) During the year ended 31 December 2023, the Group entered into a number of new lease agreements and recognised lease liabilities of approximately RMB18,116,000 (2024: Nil).

iv) During the year ended 31 December 2024, the Group settled the bank and other borrowings in the amount of RMB401,817,000 (2023: RMB996,365,000) by properties for sale.

v) During the year ended 31 December 2024, the Group was granted a bank loan of RMB201,900,000 for settlement of amounts due to joint ventures.

vi) During the year ended 31 December 2024, the Group disposed of certain subsidiaries. Pursuant to the disposal arrangement, the consideration receivable arising from the disposal was paid by the vendor to the banks directly to settle the Group's bank loans of RMB902,510,000.

vii) During the year ended 31 December 2024, certain trade payables in the amount of RMB803,468,000 were transferred to contract liabilities.

viii) Upon the Restructuring became effective and pursuant to the terms of the Schemes, the obligations of the Group under certain senior notes and bonds and borrowings, amounting to approximately RMB27,985,233,000 and RMB14,036,734,000, respectively have been discharged in exchange for the issue of the new senior notes of RMB13,117,544,000, convertible bonds of RMB669,406,000, perpetual capital securities of RMB4,086,485,000 of the Group and new share of RMB128,815,000 of the Company. In addition, a shareholder transferred certain of his shares of the Company to settle the Group's liabilities as part of the Restructuring.

54. LITIGATION

As at 31 December 2024 and up to the date of the consolidated financial statements, the Group has certain litigations with its business partners regarding the settlement of the overdue/outstanding operational payables, banks and other borrowings.

The Group has been proactive in seeking ways to settle the outstanding litigations of the Group. The Group is confident that it will be able to reach an amicable solution to address claims and disputes where the outcome is not certain at this stage.

55. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**3,337**	753
Investments in subsidiaries	**–**	–
	3,337	753
CURRENT ASSETS		
Trade and other receivables	**1,426**	1,418
Amounts due from subsidiaries	**–**	10,508,119
Bank balances and cash	**9,744**	9,441
	11,170	10,518,978
CURRENT LIABILITIES		
Trade and other payables	**265,585**	2,635,512
Bank and other borrowings	**–**	6,631,205
Convertible bonds	**710,685**	–
Senior notes	**–**	27,985,233
	976,270	37,251,950
NET CURRENT LIABILITIES	**(965,100)**	(26,732,972)
TOTAL ASSETS LESS CURRENT LIABILITIES	**(961,763)**	(26,732,219)
NON-CURRENT LIABILITIES		
Senior notes	**2,657,828**	–
	2,657,828	–
NET LIABILITIES	**(3,619,591)**	(26,732,219)
CAPITAL AND RESERVES		
Share capital	**35,777**	27,726
Reserves	**(3,655,368)**	(26,759,945)
TOTAL EQUITY	**(3,619,591)**	(26,732,219)

55. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves

	Share premium RMB'000	Other reserve RMB'000	Capital redemption reserve RMB'000	Accumulated losses RMB'000	Perpetual capital securities RMB'000	Total RMB'000
At 1 January 2023	5,103,113	–	1,151	(27,849,402)	–	(22,745,138)
Loss and total comprehensive expense for the year	–	–	–	(4,014,807)	–	(4,014,807)
At 31 December 2023	5,103,113	–	1,151	(31,864,209)	–	(26,759,945)
Profit and total comprehensive income for the year	–	–	–	18,839,274	–	18,839,274
Issue of new shares	120,764	–	–	–	–	120,764
Contribution from a controlling shareholder	–	58,054	–	–	–	58,054
Issuance of perpetual capital instruments	–	–	–	–	4,086,485	4,086,485
At 31 December 2024	5,223,877	58,054	1,151	(13,024,935)	4,086,485	(3,655,368)

Five Years Financial Summary

For the year ended 31 December 2024

Consolidated results

	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	**2024** **RMB'000**
Revenue	67,793,792	50,021,616	18,711,072	27,533,316	**9,674,861**
(Loss)/Profit before taxation	13,608,527	(36,237,438)	(8,071,916)	(7,814,569)	**518,619**
Income tax (expense)/credit	(6,557,481)	749,892	(424,110)	(1,826,058)	**(2,615,256)**
(Loss)/Profit for the year	7,051,046	(35,487,546)	(8,496,026)	(9,640,627)	**(2,096,637)**

Consolidated assets, equity and liabilities

	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	**2024** **RMB'000**
Assets					
Non-current assets	35,029,037	29,459,406	25,061,353	21,560,472	**17,043,986**
Current assets	290,649,419	231,963,401	209,364,532	177,811,016	**142,461,130**
Total assets	325,678,456	261,422,807	234,425,885	199,371,488	**159,505,116**
Equity and liabilities					
Non-current liabilities	65,273,697	5,237,786	12,829,111	14,552,192	**22,909,977**
Current liabilities	206,152,113	263,714,810	239,233,670	212,903,149	**162,462,776**
Total liabilities	271,425,810	268,952,596	252,062,781	227,455,341	**185,372,753**
Equity attributable to owners of the Company	18,552,887	(15,504,797)	(22,717,415)	(32,181,479)	**(27,811,838)**
Non-controlling interests	35,699,759	7,975,008	5,080,519	4,097,626	**1,944,201**
Total equity and liabilities	325,678,456	261,422,807	234,425,885	199,371,488	**159,505,116**

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