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LEADING HOLDINGS GROUP LIMITED
領地控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 6999

2023
ANNUAL REPORT

LEADING GROUP

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Yuhui *(Chairman)*
Mr. Luo Changlin
Ms. Hou Xiaoping *(resigned on 5 July 2023)*

Independent non-executive Directors

Ms. Jin Xu *(resigned on 17 November 2023)*
Ms. Luo Ying *(appointed on 17 November 2023)*
Ms. Liang Yunxing
Mr. Fang Min

COMPANY SECRETARY

Mr. So Wing Chun
(appointed on 23 February 2024)
Mr. Luo Changlin
(resigned on 23 February 2024)
Ms. Tang King Yin
(resigned on 23 February 2024)

AUTHORIZED REPRESENTATIVES

Mr. Liu Yuhui
Mr. So Wing Chun
(appointed on 23 February 2024)
Ms. Tang King Yin
(resigned on 23 February 2024)

AUDIT COMMITTEE

Ms. Liang Yunxing *(Chairperson)*
Ms. Luo Ying *(appointed on 17 November 2023)*
Ms. Jin Xu *(resigned on 17 November 2023)*
Mr. Fang Ming

REMUNERATION COMMITTEE

Ms. Luo Ying *(Chairperson)*
(appointed on 17 November 2023)
Ms. Jin Xu *(Chairperson)*
(resigned on 17 November 2023)
Ms. Liang Yunxing
Mr. Liu Yuhui

NOMINATION COMMITTEE

Mr. Liu Yuhui *(Chairperson)*
Ms. Luo Ying *(appointed on 17 November 2023)*
Ms. Jin Xu *(resigned on 17 November 2023)*
Ms. Liang Yunxing

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

REGISTERED OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISOR AS TO HONG KONG LAW

Sidley Austin

PRINCIPAL BANK

China Construction Bank Chengdu Xinhua Branch

STOCK CODE

06999

COMPANY'S WEBSITE

www.leading-group.com

Glossary and Definition

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

"Acting in Concert Deed"	the acting in concert deed dated 18 February 2020 and executed by the Ultimate Controlling Shareholders, details of which are set out in the section headed "Relationship with Controlling Shareholders — Acting in Concert Deed" in the Prospectus
"AGM"	the annual general meeting of the Company to be convened and held on 30 May 2024
"Articles of Association" or "Articles"	the articles of association of the Company (as amended from time to time)
"ASP"	average selling price
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"Board Committees"	the Audit Committee, Remuneration Committee and Nomination Committee of the Company
"BVI"	the British Virgin Islands
"Cayman Companies Act"	the Companies Act of the Cayman Islands
"China" or "PRC"	the People's Republic of China
"Company"	Leading Holdings Group Limited (領地控股集團有限公司) (formerly known as Leading China Holdings Limited (領地中國控股有限公司)), an exempted company incorporated in the Cayman Islands with limited liability on 15 July 2019, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6999)
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules, and unless the context requires otherwise, refers to Yuan Di, Fan Tai, Yue Lai, Jin Sha Jiang, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng, Shan Yuan, Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli, and a Controlling Shareholder shall mean each or any one of them
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules

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

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

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

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

* *for identification purpose only*

Having weathered numerous challenges over its more than 20-year history, the Group now values its current position and remains steadfast in its commitment to its goals. The Group embraces its brand philosophy of creating a better healthy lifestyle while assuming the responsibility of realising a healthy and sound future revolving around the corporate cultures of being professional, pragmatic and sustainable. In 2023, the Group has consistently adhered to a customer-oriented strategy centred on "quality assurance and delivery guarantee," resulting in the successful delivery of 36,044 housings with a total delivery area of 3,998,500 sq.m. With market conditions showing slow signs of improvement and the situation remaining challenging, 2024 will continue to pose difficulties for the Group. It will be a crucial year to showcase the strength of the Group's sales and services as it seeks sustainable development opportunities. Firstly, with changes in our strategy, we will shift our business focus mainly on disposal of existing assets to enhance sales and account collection. As the current competition is centred on acquisition of more market share in the existing market, inventory disposal and asset revitalisation are the Group's top priorities in 2024. Secondly, we aim to enhance our professional capabilities and return to the essence of products, so as to reshape and consolidate our competitive edges. 1. We will enhance product-oriented and customer-oriented thinking in our design process, while also actively learning about user maintenance from other industries, such as new energy vehicles and the Internet. We are committed to innovating and differentiating our products under competitive conditions. In this regard, we have to figure out the true, necessary products fit for our customers based on a customer-oriented approach. 2. For project construction, we emphasise on-site construction for every project, aiming to guarantee progress, safety and quality. We will continue to refine our production capabilities and enhance efforts of each department on quality improvement, with more focus on the real effect of products, craftmanship details and material quality. Our goal is to delivery truly satisfactory goods to customers. In addition, the Group will strictly implement the red line assessment for delivery by adopting the mechanism that eliminates unqualified products. 3. In the supply chain, all product details can be verified in suppliers' production processes. With a clear mindset at all times, we select suppliers whose goals align with ours based on performance assessments. In 2024, the Group will join hands with suppliers, working on the goal of quality assurance and efficient project implementation to achieve win-win cooperation. In addition, in terms of corporate management, we will benchmark our learning targets with, and learn about, new management concepts of regional excellent real estate enterprises and companies in other industries. In 2024, the Group will uphold a consistent simple and efficient corporate culture, attach importance to the cultivation of internal talents, and safeguard interests of responsible personnel. Since its inception, the Group has maintained a solid foundation for growth and has been holding firm confidence in its development, and thus it is fully committed to fulfilling its performance commitments in 2024.

Leading Holdings Group Limited
Mr. Liu Yuhui
Chairman

Hong Kong, 28 March 2024

BUSINESS REVIEW

Having weathered numerous challenges over its more than 20-year history, the Group now values its current position and remains steadfast in its commitment to its goals. In 2023, the Group has consistently adhered to a customer-oriented strategy centred on "quality assurance and delivery guarantee," resulting in the successful delivery of 36,044 housings with a total delivery gross floor area of 3,998,500 square metres.

OUTLOOK

With market conditions showing slow signs of improvement and the situation remaining challenging, 2024 will continue to pose difficulties for the Group. It will be a crucial year to showcase the strength of the Group's sales and services as it seeks sustainable development opportunities. Despite the challenges, the Group maintains a solid foundation for growth and holds firm confidence in its development. The Group is fully committed to fulfilling its performance commitments in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Property Development

Contracted Sales

During the Year, the Group recorded contracted sales of RMB7,922.2 million, representing a year-over-year decrease of 42.3% from the year ended 31 December 2022 due to the industry wide downturn in China during the Year.

During the Year, total contracted GFA sold amounted to approximately 1.1 million sq.m., representing a decrease of approximately 42.8% from approximately 1.9 million sq.m. for the year ended 31 December 2022. Contracted ASP for the year ended 31 December 2023 was approximately RMB7,216.1 per sq.m., compared with RMB7,144.0 per sq.m. for the year ended 31 December 2022.

Contracted sales from Beijing-Tianjin-Hebei Region, Central China, Chengdu-Chongqing Economic Zone and Sichuan province, Guangdong-Hong Kong-Macau Greater Bay Area contributed to approximately 1.1%, 3.8%, 77.4% and 3.9%, respectively, of the Group's total contracted sales in 2023.

The following table sets out the geographic breakdown of the Group's contracted sales in 2023.

	Contracted GFA Sold *(sq.m.)*	Contracted Sales *(RMB'000)*	Contracted ASP *(RMB/sq.m.)*	% of Contracted Sales *(%)*
Beijing-Tianjin-Hebei Region	13,203.3	84,365.4	6,389.7	1.1%
Central China	59,635.7	297,893.8	4,995.2	3.8%
Chengdu-Chongqing Economic Zone and Sichuan province	850,591.7	6,133,167.2	7,210.5	77.4%
Guangdong-Hong Kong-Macau Greater Bay Area	33,018.7	310,338.0	9,398.9	3.9%
Other Regions[(1)]	141,407.9	1,096,472.0	7,754.0	13.8%
Total	1,097,857.3	7,922,236.4	7,216.1	100.0%

Note:

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

Revenue Recognized from Sales of Properties

Revenue from sale of properties of the Group increased by 32.4% from approximately RMB13,835.2 million for the year ended 31 December 2022 to approximately RMB18,315.9 million for the year ended 31 December 2023, accounting for 99% of the Group's total revenue. The Group's recognized ASP from sales of properties decreased from approximately RMB7,770 per sq.m. for the year ended 31 December 2022 to approximately RMB7,244.3 per sq.m. for the Year.

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

	Recognized Revenue from Sale of Properties		% of Recognized Revenue from Sale of Properties		Total GFA Recognized		Recognized ASP	
	(RMB'000)	*(RMB'000)*	%	%	sq.m	sq.m	RMB/sq.m	RMB/sq.m
	2023	2022	2023	2022	2023	2022	2023	2022
Beijing-Tianjin-Hebei Region	**271,571**	317,825	**1.5**	2.3	**43,370**	42,222	**6,262**	7,528
Central China	**116,130**	596,742	**0.6**	4.3	**22,732**	87,107	**5,109**	6,851
Chengdu-Chongqing Economic Zone and Sichuan province	**17,140,938**	11,852,939	**93.6**	85.7	**2,346,193**	1,518,362	**7,306**	7,806
Guangdong-Hong Kong-Macau Greater Bay Area	**613,665**	670,797	**3.4**	4.8	**79,039**	61,429	**7,764**	10,920
Other Regions	**173,605**	396,945	**0.9**	2.9	**36,971**	71,588	**4,696**	5,545
Total	**18,315,910**	13,835,248	**100.0**	100.0	**2,528,305**	1,780,708	**7,244**	7,770

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

	Recognized Revenue from Sale of Properties		% of Recognized Revenue from Sale of Properties		Total GFA Recognized		Recognized ASP	
	(RMB'000)	*(RMB'000)*	%	%	Sq.m.	Sq.m.	RMB/sq.m	RMB/sq.m
	2023	2022	2023	2022	2023	2022	2023	2022
Residential	**16,964,913**	12,600,371	**92.6**	91.1	**2,286,029**	1,528,679	**7,421**	8,243
Commercial	**1,052,290**	877,832	**5.7**	6.3	**88,725**	90,666	**11,860**	9,682
Car Parks	**298,708**	357,045	**1.6**	2.6	**153,551**	161,363	**1,945**	2,213
Total	**18,315,910**	13,835,248	**100.0%**	100.0	**2,528,305**	1,780,708	**7,244**	7,770

Completed Properties Held for Sale

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

As at 31 December 2023, the Group had completed properties held for sale of RMB5,846.2 million, representing a 7.8% increase from RMB5,424.9 million as at 31 December 2022. The increase was primarily due to the sluggish sales of properties. The Group has obtained the construction completion certificates in respect of all completed properties held for sale.

Properties under Development

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

As at 31 December 2023, the Group had properties under development of RMB15,301.8 million, representing a 50.6% decrease from RMB30,958.6 million as at 31 December 2022 as the Group has taken a more prudent approach on developing new projects after considering the current industry environment.

Property Investment

Commercial Property Operations

The Group's revenue from commercial property operations of the Group increased by 7.0% from approximately RMB103.3 million for the year ended 31 December 2022 to approximately RMB110.5 million for the year ended 31 December 2023, primarily due to the increasing occupancy rates of the commercial property following the full relaxation of domestic anti-COVID-19 policies.

Investment Properties

As at 31 December 2023, the Group had 8 investment properties with a total leasable GFA of approximately 292,552.58 sq.m. Out of such investment properties portfolio of the Group, 8 investment properties with a total GFA of approximately 221,795.5 sq.m. had commenced leasing.

LAND BANK

As at 31 December 2023, the total GFA of land reserves of the Group was approximately 9,887,906 sq.m. The following table sets forth a summary of the Group's property interests as at 31 December 2023:

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank[1] (sq.m.)	Address
Properties developed by the Group and its subsidiaries								
1.	Chengdu Yipin Center	Chengdu	100%	Commercial/Carpark/ Others	20,534	February-2026	141,509	Within the planned red line of Chadianzi Yipintianxia Street, Jinniu District, Chengdu City, Sichuan Province
2.	Chengdu Xishan Lantai	Chengdu	100%	Residential/Carpark/ Ancillary/Others	34,756	May-2021	14,677	No. 988, Huaxin Avenue, Baihe Town, Longquanyi District, Chengdu City, Sichuan Province
3.	Chengdu Yue Center	Chengdu	100%	Residential/Commercial/ Carpark/Ancillary/ Others	27,400	May-2022	12,199	No. 521, East Section of Industrial Avenue, Xindu District, Chengdu City, Sichuan Province
4.	Chongqing Leading Guanyun House	Chongqing	100%	Residential/Carpark/ Ancillary/Others	40,372	November-2021	18,242	No. N23/03, N District, Jieshizutuan, Banan District, Chongqing
5.	Chengdu Tianfu Lantai Mansion (Xinlong)	Chengdu	98%	Residential/Commercial/ Carpark/Ancillary/ Others	159,963	August-2022	45,413	Group 2, 5, 6,Yangliu Village and Group 2, Liuhe Village, Huayuan Town, Xinjin County, Chengdu City, Sichuan Province
6.	Chengdu Tianfu Lantai Mansion (Jingyang)	Chengdu	100%	Residential/Carpark/ Ancillary/Others	38,967	November-2021	22,507	Group 2, 3, Yangliu Village, Huayuan Town, Xinjin County, Chengdu City, Sichuan Province
7.	Chengdu Haina Shidai	Chengdu	99%	Residential/Commercial/ Carpark/Ancillary/ Others	41,822	February-2017	14,283	Zhili Road and Zhixinger Road, Chengdu City, Sichuan Province
8.	Chengdu Lantai House	Chengdu	99%	Residential/Carpark/ Others	40,897	October-2020	13,681	No. 1555, Guoning West Road, Hongguang Town, Pidu District, Chengdu City, Sichuan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank[1] (sq.m.)	Address
9.	Chengdu Leading Tianyu	Meishan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	57,523	December-2023	26,134	Diagonally opposite to Volkswagen 4S Store, Renshou Avenue, Renshou County, Chengdu City, Sichuan Province
10.	Pengshan Guanjiang Mansion	Meishan	80%	Residential/Commercial/ Carpark/Ancillary/ Others	71,770	March-2023	78,839	Binjiang Avenue, Pengshan District, Meishan City, Sichuan Province
11.	Panzhihua Leading Yangguang Flower City	Panzhihua	100%	Residential/Commercial/ Carpark/Ancillary/ Others	186,791	December-2024	123,422	Ganbatang Area, Huacheng New District, Panzhihua City, Sichuan Province
12.	Xichang Leading Lantai House	Xichang	51%	Residential/Commercial/ Carpark/Ancillary/ Others	99,752	May-2019	3,157	Xijiao Yaoshan Village, North of Nanshan Avenue, South of Haihe Road, Xichang City, Sichuan Province
13.	Xichang Leading Triumph International Mansion	Xichang	83%	Residential/Commercial/ Carpark/Ancillary/ Others	33,287	January-2017	917	No. 599, Section 5, East Extension Line of Hangtai Road, Xichang City, Sichuan Province
14.	Xichang Leading Jinxiu Lantai Mansion	Xichang	80%	Residential/Commercial/ Carpark/Ancillary/ Others	62,578	December-2027	116,244	Near Zhonghang East Road, West New City, Xichang City, Sichuan Province
15.	Urumqi Leading Lantai House	Urumqi	95%	Residential/Commercial/ Carpark/Ancillary/ Others	103,928	December-2027	135,449	No. 616, Junggar Street, East of Suzhou Road, Urumqi, Xinjiang Uygur Autonomous Region
16.	Urumqi Leading Tianyu	Urumqi	100%	Residential/Commercial/ Carpark/Ancillary/ Others	115,428	December-2027	256,986	South of Hongguangshan Road, Shuimogou District, Urumqi City, Xinjiang Uygur Autonomous Region
17.	Korla Leading Lantai House	Korla	100%	Residential/Commercial/ Carpark/Ancillary/ Others	63,624	October-2020	5,376	Leading Triumph Mansion, near southwest No. 6 Shihua Avenue, No. 5 Community, Construction Area, Korla City, Bazhou, Xinjiang Uygur Autonomous Region

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank[1] (sq.m.)	Address
18.	Korla Leading Triumph Mansion	Korla	85%	Residential/Commercial/ Carpark/Ancillary/ Others	87,933	December-2028	28,595	(Next to Peacock Park) No. 6 Shihua Avenue, Korla, Xinjiang Uygur Autonomous Region
19.	Chengteh Lantai House	Chengteh	40%	Residential/Commercial/ Carpark/Ancillary/ Others	53,279	July-2020	1,856	Yuanbao Mountain, Shuangtashan Town, Shuangluan District, Chengde City, Hebei Province
20.	Chengteh Lantai House Yunshang & Jinyuan	Chengteh	51%	Residential/Commercial/ Ancillary/Others	62,969	December-2024	70,868	Sicaigou B, Dayuanbao Mountain, Shuangtashan Town, Shuangluan District, Chengde City, Hebei Province
21.	Chengteh Lantai House Yueshan	Chengteh	51%	Residential/Commercial/ Carpark/Ancillary/ Others	34,981	June-2023	9,206	Yuanbao Mountain, Shuangluan District, Chengde City, Hebei Province
22.	Jilin Triumph Mansion	Changchun	55%	Residential/Commercial/ Carpark/Ancillary/ Others	132,188	May-2020	125	Xincheng West Street, Jingyue Development Zone, Changchun City, Jilin Province
23.	Xingyang Leading Tianyu	Xingyang	70%	Residential/Commercial/ Carpark/Ancillary/ Others	29,396	December-2021	38,506	Northwest of the intersection of Jingcheng Road and Gongye East Road, Xingyang City, Zhengzhou City, Henan Province
24.	Shangqiu Leading Lantai House	Shangqiu	51%	Residential/Commercial/ Carpark/Ancillary/ Others	59,698	December-2027	127,928	North of Xiwang Road, south of Nanjing Road, west of Shangqiu City Road(Planning), East of Zhenxing Road, Henan Province
25.	Zhumadian Royal Lantai Mansion Phase I	Zhumadian	70%	Residential/Commercial/ Carpark/Ancillary/ Others	182,936	December-2021	153,022	Northwest of the intersection of Tianzhongshan Avenue and Jianshe Avenue, Zhumadian City, Henan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank[1] (sq.m.)	Address
26.	Zhumadian Royal Lantai Mansion Phase II	Zhumadian	70%	Residential/Carpark/ Ancillary/Others	70,590	December-2030	200,882	Northeast of the intersection of Zhangtai Road and Jianshe Avenue, Zhumadian City, Henan Province
27.	Zhumadian Royal Lantai Mansion Phase III	Zhumadian	70%	Residential/Carpark/ Ancillary/Others	75,863	December-2030	50,811	Southwest of the intersection of Lizhuang Road and Chunliu Road, Zhumadian City, Henan Province
28.	Zhumadian Royal Lantai Mansion Phase IV	Zhumadian	70%	Residential/Carpark/ Ancillary/Others	168,489	December-2027	253,504	Northeast corner of the intersection of Tongshan Avenue and Jianshe Avenue, Zhumadian City, Henan Province
29.	Zhumadian Royal Lantai Mansion Phase V	Zhumadian	70%	Residential/Commercial/ Carpark/Ancillary/ Others	156,270	December-2030	181,271	The southeast side of the intersection of Lizhuang Road and Chunliu Road, and the northwest side of the intersection of Zhangtai Road and Jianshe Avenue, Zhumadian City, Henan Province
30.	Jingzhou Leading Lantai House	Jingzhou	100%	Residential/Commercial/ Carpark/Ancillary/ Others	54,070	September-2021	14,500	Northwest of the intersection of Chutian Road and Dongqiao Road, Jingbei New District, Jingzhou District, Jingzhou City, Hubei Province
31.	Jingzhou Leading Fengming Lantai Mansion	Jingzhou	100%	Residential/Commercial/ Carpark/Ancillary/ Others	48,399	August-2022	10,080	No.66, Fengming Avenue, Jingzhou District, Jingzhou City, Hubei Province
32.	Leshan Haina Mansion	Leshan	51%	Residential/Commercial/ Carpark/Ancillary/ Others	36,200	January-2016	1,141	No.1589 Muyuan Road, Muchuan County, Leshan City, Sichuan Province
33.	Leshan Lantai House	Leshan	60%	Residential/Commercial/ Carpark/Ancillary/ Others	88,108	December-2021	19,008	East of the intersection of Sansu Road and Ruixiang Road, Qingjiang New District, Shizhong District, Leshan City, Sichuan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank[1] (sq.m.)	Address
34.	Leshan Tianyu	Leshan	51%	Residential/Commercial/ Carpark/Ancillary	29,796	March-2020	228	Intersection of Hanlin Road and Fenghuang Road, Tongjiang District, Leshan City, Sichuan Province
35.	Leshan Lanshan	Leshan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	89,630	October-2021	7,654	No. 881, Section 1, Ruixiang Road, Leshan City, Sichuan Province
36.	Leshan International Mansion	Leshan	99%	Residential/Commercial/ Carpark/Ancillary/ Others	127,204	May-2019	884	Taoyuan New Village, Mouzi Town, Shizhong District, Leshan City, Sichuan Province
37.	Meishan Triumph International Mansion	Meishan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	256,303	November-2020	24,412	Southwest corner of the intersection of Hubin Road and Meizhou Avenue, Meishan City, Sichuan Province
38.	Meishan Triumph Square	Meishan	79%	Residential/Commercial/ Carpark/Ancillary	73,976	May-2015	90	Northeast of the intersection of Suyuan Road and Dongpo Avenue, Dongpo District, Meishan City, Sichuan Province
39.	Meishan Huayu Phase II	Meishan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	9,102	June-2020	1,629	Southeast corner of the intersection of Suyuan Road and Chongguang Street, Meishan City, Sichuan Province
40.	Meishan Triumph International Mansion Phase II	Meishan	57%	Residential/Commercial/ Carpark/Ancillary/ Others	39,838	July-2019	183	Northeast of the intersection of Jiangxiang Road and Qingyihang, Dongpo District, Meishan City, Sichuan Province
41.	Haifeng Tianyu	Shanwei	100%	Residential/Commercial/ Carpark/Ancillary/ Others	35,774	December-2023	39,824	Plot KJC-B07, Ecological Technology City, Haifeng County, Shanwei City, Guangdong Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank[1] (sq.m.)	Address
42.	Huizhou Lantai House	Huizhou	100%	Residential/Commercial/ Carpark/Ancillary/ Others	83,840	March-2023	50,697	West of Jinquan Road, Xincheng, North Railway Station, Huicheng District, Huizhou City, Guangdong Province
43.	Foshan Haina Longting	Foshan	51%	Residential/Commercial/ Carpark/Others	36,943	August-2017	434	The north side of Qinggong Road and the east side of Dayong, North and South, Chancheng District, Foshan City, Guangdong Province
44.	Foshan Haina Junting	Foshan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	20,536	April-2017	75	West Guangyun Chantan Cross Road, Zhenli, Dali, Nanhai District, Guangdong Province
45.	Mianyang Tianyu	Mianyang	65%	Residential/Commercial/ Carpark/Ancillary/ Others	26,140	March-2020	5,121	No. 2, Hongqiao Road, Chengnan New District, Mianyang City, Sichuan Province
46.	Mianyang Lantai House	Mianyang	62%	Residential/Commercial/ Carpark/Ancillary/ Others	56,060	August-2020	9,858	No. 94, Sanxing Road, Youxian District, Mianyang City, Sichuan Province
47.	Nanchong Lantai House	Nanchong	100%	Residential/Carpark/ Ancillary/Others	59,774	April-2022	67,338	No. 118, Maoyuan South Road, Shunqing District, Nanchong City, Sichuan Province
48.	Nanchong Tianyu	Nanchong	51%	Residential/Commercial/ Carpark/Ancillary/ Others	25,053	November-2020	15,070	No. 561, Jinyuling Road, Shunqing District, Nanchong City, Sichuan Province
49.	Ya'an Yunjing	Ya'an	100%	Residential/Commercial/ Carpark/Ancillary	30,184	November-2020	10,453	Daxing Town, Yucheng District, Ya'an City, Sichuan Province
50.	Ya'an Guanjiang Mansion	Ya'an	100%	Residential/Commercial/ Carpark/Ancillary	39,149	November-2020	14,821	Qianjin Village, Daxing Town, Yucheng District, Ya'an City, Sichuan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank[1] (sq.m.)	Address
51.	Ya'an Tianyu	Ya'an	53%	Residential/Commercial/ Carpark/Ancillary	18,253	September-2019	8,127	Yazhou Avenue, Yucheng District, Ya'an City, Sichuan Province
52.	Ya'an Lantai House	Ya'an	51%	Residential/Commercial/ Carpark/Ancillary	43,790	February-2021	21,911	No. 6, Ankang Road, Yucheng District, Ya'an City, Sichuan Province
53.	Ya'an Lantai House Phase III	Ya'an	100%	Residential/Commercial/ Carpark/Ancillary/ Others	53,520	September-2021	26,571	Plot 2–12, Daxing District, Yucheng District, Ya'an City, Sichuan Province
54.	Mianyang Guanjiang House	Mianyang	100%	Residential/Commercial/ Carpark/Others	134,016	December-2027	405,308	Putisi Village, Ningxiang Temple Neighborhood Committee, High-tech Zone, Mianyang City, Sichuan Province
55.	Mianyang Leading Dongyuan Yue Town	Mianyang	50%	Residential/Commercial/ Carpark/Ancillary/ Others	116,755	June-2023	171,466	C, Dengta Community, Qingyi Town, Fucheng District, Mianyang City, Sichuan Province
56.	Ya'an Yuejiangting	Ya'an	51%	Residential/Commercial/ Carpark/Ancillary/ Others	16,674	October-2021	11,665	Daxing Area, Yucheng District, Ya'an City, Sichuan Province
57.	Xichang Tianyu	Xichang	100%	Residential/Commercial/ Carpark/Ancillary/ Others	26,935	November-2022	14,140	Near Section 1 of Huanhai Road, Chengdongchuanxing, Xichang City, Sichuan Province
58.	Kaili Leading Tianyu	Kaili	100%	Residential/Commercial/ Carpark/Ancillary/ Others	251,148	December-2027	772,495	Daxing Area, Yucheng District, Ya'an City, Sichuan Province
59.	Chengdu Xindu Yue House	Chengdu	100%	Residential/Commercial/ Carpark/Ancillary/ Others	310,866	November-2024	393,882	No. 600, East Section of Xueyuan, Xindu District, Chengdu City, Sichuan Province
60.	Luzhou Lantai House	Luzhou	54%	Residential/Commercial/ Carpark/Ancillary/ Others	52,767	February-2023	55,092	East side of Changjiang Primary School, Shawan District, Luzhou City, Sichuan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank[1] (sq.m.)	Address
61.	Chengdu Tianfu Kangcheng (Duneng)	Chengdu	91%	Residential/Commercial/ Carpark/Ancillary	90,121	June-2028	230,170	East of Huanhu East Road, Shigao Town, Renshou County
62.	Chengdu Tianfu Kangcheng (Shengyu)	Chengdu	100%	Commercial/Carpark/ Ancillary/Others	60,638	June-2028	271,425	East of Huanhu East Road, Shigao Town, Renshou County
63.	Chengdu Tianfu Kangcheng (Yuandi)	Chengdu	91%	Residential/Commercial/ Carpark/Ancillary	85,773	June-2028	269,675	East of Huanhu East Road, Shigao Town, Renshou County
64.	Urumqi Jinshang Lantai Mansion	Urumchi	60%	Residential/Commercial/ Carpark/Ancillary/ Others	27,059	May-2024	69,802	East of Liyushan Road, High-tech Zone, Urumqi City
65.	Urumqi Tianjing Yunzhu	Urumchi	100%	Residential/Commercial/ Carpark/Ancillary/ Others	30,178	January-2024	108,083	Main Road, Changchun Middle Road, Urumqi City
66.	Nanchong Jinwei Leading Yue Town	Nanchong	45%	Residential/Commercial/ Carpark/Ancillary/ Others	90,142	June-2025	154,134	Plot 2 on the east side of Financial Avenue, North New City, Shunqing District, Nanchong City
67.	Guangyuan Leading City	Guangyuan	100%	Residential/Commercial/ Carpark/Ancillary	290,480	December-2027	379,797	Located on the east side of Kangyang Avenue in Heishipo Forest Park and the north side of Qiaoge Road in Xuefeng Office, Lizhou District, Guangyuan City
68.	Panzhihua Ruxiang Flower City	Panzhihua	51%	Commercial/Carpark/ Ancillary	10,562	March-2023	29,379	Ganbatang Area, Huacheng New District, Panzhihua City
69.	Chengdu Leading Guanjiang House	Dujiangyan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	78,475	December-2024	154,109	North of Baishui East Road, East of Shangshan East Road, Dujiangyan City, Sichuan Province
70.	Suining Taoli Jun	Suining	34%	Residential/Commercial/ Carpark/Ancillary/ Others	30,808	March-2023	52,746	East of Suizhou North Road, North of Hongqiao East Street, Suining Economic Development Zone, Sichuan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank[1] (sq.m.)	Address
71.	Xichang Leading Guanyuan	Xichang	70%	Residential/Commercial/ Carpark/Ancillary/ Others	90,531	March-2025	90,427	The southeast area of the downtown, Xichang City, Sichuan Province
72.	Luohe Lishang Lantai	Luohe	51%	Residential/Commercial/ Carpark/Ancillary/ Others	109,724	December-2027	336,507	West of High-speed Railway Bridge, on the north side of Shali Industry Cluster, South of Lihe, Luohe City, Henan Province
73.	Huili Xuefu No.1	Huili	100%	Residential/Commercial/ Carpark/Ancillary/ Others	33,459	March-2023	3,480	Yingding Community of Huili No.1 Middle School, Sichuan Province
74.	Chengdu Tianfu Leading Town	Chengdu	50%	Residential/Commercial/ Carpark/Ancillary/ Others	271,501	December-2027	664,121	(No. 18, Section 2, Shengwu Cheng Middle Road, Shuangliu District) Tianfu International Biological City, Chengdu City, Sichuan Province
75.	Chengdu Leading Hexing Lifu Lantai Mansion	Pengzhou	51%	Residential/Commercial/ Carpark/Ancillary/ Others	64,309	January-2024	88,956	Qingyang Village, Zhihe Town, Pengzhou City, Sichuan Province
76.	Chengdu Huguang Heyue	Pengzhou	51%	Residential/Commercial/ Carpark/Ancillary	41,343	November-2023	58,741	South side of Section 1, Huanhu Road, West side of Kaixuan Avenue, Zhihe Street, Pengzhou City, Sichuan Province
77.	Leshan Biguiyuan Leading Tangyue Lantai	Leshan	100%	Residential/Commercial/ Carpark/Ancillary	56,197	May-2024	117,444	South side of Tanmu South Street, Central District, Leshan City, Sichuan Province
78.	Mianyang Leading City	Mianyang	51%	Residential/Commercial/ Carpark/Ancillary	509,352	January-2030	1,388,128	Longmen Town, Fucheng District, Mianyang City, Sichuan Province
79.	Leshan Lanshan Yue	Leshan	100%	Residential/Commercial/ Carpark/Ancillary	25,560	August-2023	11,983	North side of Changqing Road, west side of Ruixiang Road, Qingjiang Area, Leshan City, Sichuan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank[1] (sq.m.)	Address
80.	Emei • Lotus Lake	Leshan	70%	Residential/Commercial/ Carpark/Ancillary/ Others	247,377	September-2029	216,495	Penggui Village, Guihuaqiao Town, Emeishan City; Shili Village, Shengli Town, Emeishan City, Sichuan Province
81.	Wuhan Leading Yinbao City	Wuhan	51%	Residential/Commercial/ Carpark/Ancillary	22,131	December-2025	110,233	Fangcao Road, Wuhan City
82.	Mianyang Yue Garden	Mianyang	100%	Residential/Commercial/ Carpark/Ancillary	36,411	June-2026	108,766	Science and Innovation Park, Mianyang City, Sichuan Province
83.	Pengzhou Jinxiu Tianchen	Chengdu	51%	Residential/Commercial/ Carpark/Ancillary	23,217	November-2024	64,877	East of Binhe North Road, Tianpeng Street, north of North Section of Mudan Avenue, Pengzhou City
84.	Chengdu Yueyintai	Chengdu	51%	Residential/Commercial/ Carpark/Ancillary/ Others	35,238	March-2025	159,447	Xiaolin Village, Xindu Town
	Subtotal						9,466,157	

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank[(1)] (sq.m.)	Address
Properties developed by the associates and joint ventures of the Company								
1.	Leshan Emei the Grand Sight	Leshan	61%	Residential/Carpark/ Others	50,302	January-2021	13,500	North of Exiu Lake, Emeishan City, Sichuan Province
2.	Zhangjiakou Yuanjun Manting Fangyuan	Zhangjiakou	34%	Residential/Commercial/ Carpark/Ancillary/ Others	170,592	December-2027	90,411	Shalingzi Town, Xuanhua District, Zhangjiakou City, Hebei Province
3.	Chengdu jinxiang lantai	Chengdu	1%	Residential/Commercial/ Carpark/Ancillary/ Others	46,473	May-2019	371	1–1, Jinxi Courtyard, middle section of Hengshan Avenue, Xipu Town, Pixian County, Chengdu City, Sichuan Province
4.	Ya'an Tianlan	Ya'an	51%	Residential/Commercial/ Carpark/Ancillary/ Others	15,530	May-2020	3,434	Chenghou Road, Yucheng District, Ya'an City, Sichuan Province
5.	Ya'an Tianlu Bay	Ya'an	34%	Residential/Commercial/ Carpark/Ancillary	70,140	December-2021	52,818	Daxing Town, Yucheng District, Ya'an City, Sichuan Province
6.	Shenzhen Tianyu Garden	Shenzhen	50%	Residential/Commercial/ Carpark/Ancillary/ Others	20,652	June-2024	66,746	Northwest of the intersection of Pingan Road and Zhanggui Road, Guanlan Street, Longhua District, Shenzhen City
7.	Leshan Hengbang Shuanglin Global Center	Leshan	5%	Residential/Office/ Commercial/Carpark/ Ancillary	31,632	June-2021	2,693	The junction of Fenghuang Road and Boyang Road, Central District, Leshan City, Sichuan Province
8.	Xichang Nanshan House	Xichang	2%	Residential/Commercial/ Carpark/Ancillary	66,322	May-2024	2,461	Zhangjiatun Village, Xijiao Township, Xichang City, Sichuan Province
9.	Nantong Longteng Hua House	Nantong	3%	Residential/Commercial/ Carpark/Ancillary/ Others	125,950	December-2025	8,268	North of Dongxinghu Avenue, Longteng Road, Nantong City, Jiangsu Province
10.	Nanchong Tianjing No.1 District	Nanchong	33%	Residential/Commercial/ Carpark/Ancillary/ Others	51,155	December-2030	48,703	Yan'er's Nest Area, Shunqing District, Nanchong City, Sichuan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank[1] (sq.m.)	Address
11.	Nanchong Tianjing No.2 District	Nanchong	33%	Residential/Commercial/ Carpark/Ancillary/ Others	45,567	December-2030	35,730	No. 2021-b-9 Yan'er's Nest Area, Shunqing District, Nanchong City, Sichuan Province
12.	Zhangjiajie Xinsong Leading Robot Happy Town	Zhangjiajie	35%	Residential/Commercial/ Carpark/Ancillary	77,783	December-2027	96,583	On the east side of Yingbin Road, on the south side of Dianda Plaza, on the north side of Binhe Road, on the west side of Huatian Phase I, Guanliping Office, Yongding District, Zhangjiajie City
	Subtotal						421,749	
	Total						9,887,906	

Note:

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

INVESTMENT PROPERTIES

The following table sets forth a summary of the Group's investment properties as of 31 December 2023:

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

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

FINANCIAL REVIEW

Revenue

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

Revenue of the Group increased by 32.3% from approximately RMB13,978.8 million for the year ended 31 December 2022 to approximately RMB18,493.5 million for the year ended 31 December 2023, primarily due to the increase in the delivered GFA in 2023. The following table sets forth the details of the Group's total revenue by business line for the years indicated:

	For the year ended 31 December			
	2023		2022	
	(RMB'000)	**%**	*(RMB'000)*	%
Sale of properties	**18,315,910**	**99.0**	13,835,248	99.0
Commercial property operations	**110,528**	**0.6**	103,253	0.7
Hotel operations	**53,441**	**0.3**	28,888	0.2
Project management	**13,645**	**0.1**	11,418	0.1
Total	**18,493,524**	**100.0**	13,978,807	100.0

Sale of Properties

Revenue from sale of properties of the Group increased by 32.4% from approximately RMB13,835.2 million for the year ended 31 December 2022 to approximately RMB18,315.9 million for the year ended 31 December 2023, primarily due to the increase in the delivered GFA in 2023.

Commercial Property Operations

Revenue from commercial property operations of the Group increased by 7.0% from approximately RMB103.3 million for the year ended 31 December 2022 to approximately RMB110.5 million for the year ended 31 December 2023, primarily due to the increasing occupancy rates of the commercial property following the full relaxation of domestic anti-COVID-19 policies.

Hotel Operations

Revenue from hotel operations of the Group increased by 84.8% from approximately RMB28.9 million for the year ended 31 December 2022 to approximately RMB53.4 million for the year ended 31 December 2023, primarily due to the unleashed demand for hotel services following the full relaxation of domestic anti-COVID-19 policies.

Project Management

Revenue from project management of the Group increased by 19.5% from approximately RMB11.4 million for the year ended 31 December 2022 to approximately RMB13.6 million for the year ended 31 December 2023, primarily due to the increase in the number of projects under management.

Cost of Sales

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

The cost of sales of the Group increased by 4.7% from approximately RMB15,978.4 million for the year ended 31 December 2022 to approximately RMB16,727.7 million for the year ended 31 December 2023, which was mainly due to the increase in delivered GFA.

Gross Profit and Gross Profit Margin

As the result of the foregoing, the Group recorded a gross profit of RMB1,765.8 million for the Year, as compared with the gross loss of RMB1,999.6 million for the year ended 31 December 2022.

Gross profit margin of the Group is approximately 9.5% for the year ended 31 December 2023.

Other Income

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

Other income of the Group increased by 4.9% from approximately RMB81.1 million for the year ended 31 December 2022 to approximately RMB85.1 million for the year ended 31 December 2023, primarily due to the increase in gains from disposal of subsidiaries during the Year.

Selling and Marketing Expenses

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

Selling and marketing expenses of the Group increased by 8.0% from approximately RMB938.1 million for the year ended 31 December 2022 to approximately RMB1,013.2 million for the year ended 31 December 2023, which was primarily due to the increase in the sales channel fees for the marketing and promotion of sales of the properties.

Administrative Expenses

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

Administrative expenses of the Group decreased by 38.1% from approximately RMB476.6 million for the year ended 31 December 2022 to approximately RMB294.8 million for the year ended 31 December 2023, primarily due to the decrease in the number of the Company's staff from 802 as at 31 December 2022 to 418 as at 31 December 2023.

Fair Value Gain/Losses on Investment Properties

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

The Group recorded fair value losses on investment properties in the amount of approximately RMB355.9 million for the year ended 31 December 2023, as compared to fair value losses on investment properties in the amount of approximately RMB433.8 million for the year ended 31 December 2022. The change is primarily due to the decrease in property rentals as a result of the domestic economic downturn.

Finance Costs

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

Finance costs of the Group decreased by 42.9% from approximately RMB459.3 million for the year ended 31 December 2022 to approximately RMB262.4 million for the year ended 31 December 2023, primarily due to the further reduction of interest-bearing debts.

Share of Profits and Losses of Joint Ventures and Associates

The Group recorded share of profits of joint ventures in the amount of approximately RMB12.2 million for the year ended 31 December 2023, as compared to share of losses of joint ventures in the amount of approximately RMB144.2 million for the year ended 31 December 2022. The change is primarily due to the increase in profit of joint ventures during the Year.

The Group recorded share of losses of associates in the amount of approximately RMB2.6 million for the year ended 31 December 2023, as compared to share of losses of associates in the amount of approximately RMB16.4 million for the year ended 31 December 2022. The change is primarily due to the decrease in loss of associates.

Income Tax Expense

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

Income tax expenses of the Group increased by 46.8% from approximately RMB599.7 million for the year ended 31 December 2022 to approximately RMB880.2 million for the year ended 31 December 2023, primarily due to significant LAT arising from certain profitable projects, which were delivered during the Year.

Profit/(Loss) for the Year

As a result of the foregoing, the Group recorded a net loss for the year of approximately RMB985.5 million for the year ended 31 December 2023, as compared to a net loss of approximately RMB5,097.9 million for the year ended 31 December 2022.

Liquidity, Financial and Capital Resources

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

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

Cash Position

As at 31 December 2023, the Group had cash and bank balances of approximately RMB2,006.6 million (31 December 2022: RMB3,656.9 million), pledged deposits of approximately RMB96.4 million (31 December 2022: RMB126.7 million) and restricted cash of approximately RMB598.8 million (31 December 2022: RMB934.3 million).

Indebtedness

As at 31 December 2023, the Group had total indebtedness, including interest-bearing bank and other borrowings, senior notes and lease liabilities, amounted to approximately RMB7,097.6 million (31 December 2022: approximately RMB9,077.1 million), of which RMB5,582.2 million was carried at fixed rates.

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

	As at 31 December	
	2023	2022
	(RMB'000)	*(RMB'000)*
Non-current		
Bank loans — secured	**1,954,641**	3,156,543
Other loans — secured	**186,709**	1,235,230
Non-current portion of lease liabilities	**8,539**	12,029
Current		
Senior notes — unsecured	**860,104**	845,818
Current portion of lease liabilities	**3,491**	6,101
Current portion of long term bank loans — secured	**2,064,877**	2,144,621
Current portion of long term other loans — secured	**2,019,270**	1,676,712
Total indebtedness	**7,097,631**	9,077,054

Note:

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

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

	As at 31 December	
	2023	2022
	(RMB'000)	*(RMB'000)*
Repayable within one year or on demand	**4,084,147**	3,821,333
Repayable in the second year	**403,441**	2,170,232
Repayable in the third to fifth years, inclusive	**170,584**	1,061,938
Repayable beyond five years	**1,567,325**	1,159,603
Total	**6,225,497**	8,213,106

Net Gearing Ratio

The net gearing ratio (as calculated by total borrowings, including interest-bearing bank and other borrowings, less cash and bank balances divided by total equity as at the end of the respective period) was approximately 1.93 times as at 31 December 2023 (31 December 2022: approximately 0.99 times). The increase in the net gearing ratio as at 31 December 2023 was mainly due to the decrease in net assets.

Credit Risk

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

The Group has no significant concentrations of credit risk in view of its large number of customers. The credit risk of the Group's other financial assets, which mainly comprise restricted cash and pledged deposits, other receivables, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Directors do not expect any significant losses from non-performance of these counterparties.

Liquidity Risk

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

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

Foreign Exchange Risks

The Group mainly operates its business in the PRC, and substantially all of its revenue and expenses are denominated in RMB. As at 31 December 2023, among the Group's cash at bank and on hand and senior notes, RMB0.1 million and RMB860.1 million, was denominated in US dollars, respectively, such amount was subject to the exchange rate fluctuation. The Group does not have any policy to hedge against foreign exchange risk. However, the Group will closely monitor its foreign exchange exposure, and strive to maintain the value of the Group's cash.

Interest Rate Risk

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

Pledge of Assets

As at 31 December 2023, certain of the Group's bank and other borrowings are secured by the pledges of the Group's assets with carrying values of approximately RMB12,349.91 million (31 December 2022: approximately RMB16,119.1 million) which include (i) property, plant and equipment; (ii) land use right; (iii) investment properties; (iv) properties under development; and (v) completed properties held for sale.

Contingent Liabilities

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

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

	As at 31 December	
	2023	2022
	(RMB'000)	*(RMB'000)*
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	**11,576,527**	15,170,056
Guarantees given to banks and other institutions in connection with facilities granted to related parties and third parties	**120,000**	124,980
Total	**11,696,527**	15,295,036

Note:

All guarantees provided by or to the Controlling Shareholders and their respective close associates on the borrowings of the Group or the Controlling Shareholders and their respective close associates had been fully released immediately before the listing.

Commitment

As at 31 December 2023, the Group's capital commitment it had contracted but yet provided for was RMB12,146.0 million, compared with RMB11,677.6 million as at 31 December 2022.

Off-Balance Sheet Commitments and Arrangements

Except for the contingent liabilities disclosed above, as at 31 December 2023, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

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

During the Year, the Company has conducted disposal and/or restructuring of its subsidiaries in order to strengthen its cash flow, for details of which, please refer to announcements of the Company dated 21 August 2023 and 22 December 2023 respectively.

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

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2023, the Group had 928 employees (31 December 2022: 1,177 employees). For the year ended 31 December 2023, the staff cost recognised as expenses of the Group amounted to RMB197.5 million (31 December 2022: RMB335.8 million).

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

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

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

SUBSEQUENT EVENTS

No material events were undertaken by the Group subsequent to 31 December 2023 and up to the date of this report.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

EXECUTIVE DIRECTORS

Mr. Liu Yuhui (劉玉輝), aged 50, was appointed as a Director on 15 July 2019. He was appointed as the chairman of the Board and chief executive officer of the Company and re-designated as an executive Director on 16 December 2019. He is responsible for overseeing the business development and business strategies of the Group. Mr. Liu Yuhui is the chairperson of the Nomination Committee and a member of the Remuneration Committee. Mr. Liu Yuhui is an entrepreneur with over 20 years of experience in the PRC real estate industry. Mr. Liu Yuhui co-founded the Group together with his two brothers, Mr. Liu Shan and Mr. Liu Yuqi in April 1999 through the establishment of Leading Group. Capitalizing on his experience in the PRC real estate industry, Mr. Liu Yuhui has guided the Group's sustained and steady business development for the past two decades.

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

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

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

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

Mr. Luo Changlin (羅昌林), aged 51, was appointed as an executive Director and chief financial officer of the Company on 16 December 2019. He is responsible for managing the financial operations and cost control of the Group. Mr. Luo joined the Group in January 2011 as the cost manager of the financial management center of the Group. He was later promoted as the general manager of the financial management center of the Group in March 2016 and as the assistant president of the Group in July 2018.

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Luo Ying (羅瑩), aged 40, was appointed as an independent non-executive Director on 17 November 2023 and is responsible for providing independent advice on the operations and management of the Group. Ms. Luo Ying is the chairperson of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

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

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

Ms. Liang Yunxing (梁運星), aged 50, was appointed as an independent non-executive Director on 16 November 2020 and is responsible for providing independent advice on the operations and management of the Group. Ms. Liang Yunxing is the chairperson of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee.

Ms. Liang has over 20 years of experience in accounting and financial management. Ms. Liang worked for over 14 years with China National Travel Service (HK) Group Corporation (中國旅遊集團有限公司) ("**CTSG**"), one of the major multinational state-owned enterprises in the PRC with headquarter in Hong Kong, and its subsidiaries from July 1998 to October 2012. During that period, from October 2006 to April 2009, Ms. Liang was the general manager of the finance department of China Travel International Investment Hong Kong Limited (香港中旅國際投資有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 308) and the flagship company of CTSG in the travel industry. From May 2009 to October 2012, Ms. Liang was a director and the chief financial officer of HKCTS (China) Investment Limited (港中旅(中國)投資有限公司), one of the largest tourism property developers in mainland China focusing on developing large-scaled scenic spots, hotels, resorts, commercial properties and residential units. Ms. Liang then became an executive director and chief financial officer of Chinalco Mining Corporation International (中鋁礦業國際) from November 2012 to March 2015, which is a resource development company subsequently delisted from the Stock Exchange in March 2017 (previous stock code: 3668). Since May 2015 to September 2022, Ms. Liang has been the chief risk management officer of Shanghai Dajian Assets Management Company Limited (上海大見資產管理有限公司), an asset management company.

Ms. Liang obtained a bachelor's degree in international accounting and a master's degree in accounting from Renmin University of China (中國人民大學) in the PRC in July 1995 and July 1998, respectively. Ms. Liang was accredited as a Chinese certified public accountant by Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in June 2006.

Ms. Liang was a supervisor of Anshan Hejia Beverage Co., Ltd. (鞍山合佳飲料有限公司), a company established in the PRC with limited liability, whose license was revoked on 23 August 2018, as the company failed to commence its business for more than six months from the date of its establishment without justifiable reason or ceased business operations for more than six consecutive months. Ms. Liang confirmed that as of the date of this annual report, no claims have been made against her and she was not aware of any threatened or potential claims made against her and there are no outstanding claims and/or liabilities as a result of the revocation of business license of the above company.

Mr. Fang Min (方敏), aged 52, was appointed as an independent non-executive Director on 16 November 2020 and is responsible for providing independent advice on the operations and management of the Group. Mr. Fang Min is a member of the Audit Committee.

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

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

Save as disclosed above, none of the Directors have held any other directorships in listed companies during the three years immediately preceding the date of this annual report.

The remuneration of Mr. Liu Yuhui has been adjusted to RMB0 per annum with effect from 1 December 2023.

The remuneration of each of the independent non-executive Directors has been adjusted to RMB150,000 per annum with effect from 28 March 2024.

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

SENIOR MANAGEMENT

Mr. Liu Haowei (劉浩威), aged 31, was appointed as the vice president of the Group in January 2019 and is primarily responsible for the execution of the Group's business strategies, marketing management and the management of the Group's real estate projects in Ya'an.

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

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

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

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

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

CORPORATE GOVERNANCE CULTURE

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

CORPORATE GOVERNANCE PRACTICES

Compliance with the model code for securities transactions

The Company has adopted the Model Code as its own code of conduct for securities transactions conducted by Directors and relevant employees of the Company. After making specific enquires to all the Directors and relevant employees of the Company, each of them has confirmed that they have complied with the required standards set out in the Model Code for the year ended 31 December 2023.

The Company is not aware of any incident of non-compliance of the Model Code committed by any Directors, or relevant employees for the year ended 31 December 2023.

Compliance with the corporate governance code

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

The Company has adopted the principles and code provisions stated in the CG Code as contained in Appendix C1 to the Listing Rules throughout the year ended 31 December 2023. Except for the deviation from provision C.2.1 of the CG Code, the Company has complied with the code provisions as set out in the CG Code. Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Liu Yuhui is the chairman of the Board and the chief executive officer of the Company. In view of the fact that Mr. Liu Yuhui is the founder of the Group and has been operating and managing the Group since 1999, the Board believes that it is in the best interest of the Group to have Mr. Liu Yuhui taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance.

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

Save for the deviation from code provision C.2.1 of the CG Code, the Board is of the view that the Company has adopted, applied and complied with all the code provisions as set out in part 2 of the CG Code for the year ended 31 December 2023.

Trainings of the directors

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

To ensure that each Director's better understanding in respect of the Company's conduct and business activities to perform their responsibilities as a Director, the Company will arrange appropriate training, including arranging and funding suitable training and professional development programme for the Directors. For newly appointed Directors, the Company shall also arrange for suitable induction training, so as to ensure that they have an appropriate understanding of the business and operations of the Group and that they are fully aware of their responsibilities and obligations under the Listing Rules and relevant regulatory requirements upon commencement of their directorship in the Company. During the year ended 31 December 2023, all the Directors, together with the relevant senior management of the Company, have attended suitable induction and/or trainings arranged by the Company. During the year ended 31 December 2023, the summary of training received by the Directors is as follows:

Directors	**Type of Training** *(Note 1)*
Executive Directors	
Mr. Liu Yuhui *(Chairman)*	A
Mr. Luo Changlin	A
Ms. Hou Xiaoping *(resigned on 5 July 2023)*	A
Independent Non-executive Directors	
Ms. Jin Xu *(resigned on 17 November 2023)*	A
Ms. Luo Ying *(appointed on 17 November 2023)*	A
Ms. Liang Yunxing	A
Mr. Fang Min	A

Note 1: A. regulatory

Confirmation from Director under Rule 3.09D of the Listing Rules

Ms. Luo Ying was appointed on 17 November 2023, obtained legal advice on 17 November 2023 and executed the then applicable form B Declaration and Undertaking with regard to Directors, and she understands her obligations as a director of a listed issuer under the Listing Rules.

THE BOARD

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

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

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

BOARD COMPOSITION

Executive Directors

Mr. Liu Yuhui *(Chairman and Chief Executive Officer)*
Mr. Luo Changlin
Ms. Hou Xiaoping *(resigned on 5 July 2023)*

Independent Non-executive Directors

Ms. Jin Xu *(resigned on 17 November 2023)*
Ms. Luo Ying *(appointed on 17 November 2023)*
Ms. Liang Yunxing
Mr. Fang Min

The Company has entered into service agreements with each of the executive Director, and letters of appointment with each of the independent non-executive Directors. Further details of the term of appointment of the Directors are set out in the section headed "Report of the Directors — Directors' Service Agreements and Letters of Appointment" on page 65 of this annual report.

The Directors' respective biographical information is set out on pages 37 to 41 of this annual report. Save as disclosed, there is no relationship (including financial, business, family or other material relationship) between members of the Board.

For the year ended 31 December 2023, the Board had complied with Rule 3.10 and Rule 3.10A of the Listing Rules relating to the appointment of (i) at least three independent non-executive Directors; (ii) independent non-executive directors representing one-third of the Board; and (iii) at least one independent non-executive Director possessing appropriate qualification, or accounting or related financial management expertise.

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

Chairman and chief executive officer

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

Board meetings and annual general meeting

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

During the year ended 31 December 2023, the Board held 7 Board meetings and 2 general meetings and the Directors made positive contributions to the affairs of the Group. The attendance record of each Director is set out below:

Name of Director	Number of Board meetings attended/ number of Board meetings entitled to attend during the year ended 31 December 2023	Number of Audit Committee meetings attended/ number of Audit Committee meetings entitled to attend during the year ended 31 December 2023	Number of Remuneration Committee meetings attended/ number of Remuneration Committee meetings entitled to attend during the year ended 31 December 2023	Number of Nomination Committee meetings attended/ number of Nomination Committee meetings entitled to attend during the year ended 31 December 2023	Number of general meetings attended/ number of general meetings entitled to attend during the year ended 31 December 2023
Executive Directors					
Mr. Liu Yuhui *(Chairman and Chief Executive Officer)*	7/7	N/A	1/1	1/1	2/2
Mr. Luo Changlin	7/7	N/A	N/A	N/A	2/2
Ms. Hou Xiaoping *(resigned on 5 July 2023)*	3/3	N/A	N/A	N/A	1/1
Independent non-executive Directors					
Ms. Jin Xu *(resigned on 17 November 2023)*	4/6	3/4	1/1	1/1	1/1
Ms. Luo Ying *(appointed on 17 November 2023)*	1/1	N/A	N/A	N/A	1/1
Ms. Liang Yunxing	7/7	4/4	1/1	1/1	2/2
Mr. Fang Min	7/7	4/4	N/A	N/A	2/2

BOARD COMMITTEES

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

AUDIT COMMITTEE

The Group has established the Audit Committee on 16 November 2020 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the code provision D.3 of the CG Code. The Audit Committee consists of three members, namely, Ms. Liang Yunxing, Ms. Luo Ying and Mr. Fang Min, all of whom are independent non-executive Directors. Ms. Liang Yunxing is the chairperson of the Audit Committee and is the independent non-executive Director with the appropriate professional qualifications. Ms. Jin Xu resigned as a member of the Audit Committee on 17 November 2023 and Ms. Luo Ying was appointed as a member of the Audit Committee on the same day.

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

During the year ended 31 December 2023, 4 meetings of the Audit Committee were held. The work performed by Audit Committee during the year ended 31 December 2023 includes but not limited to (i) reviewing annual results of 2022 and annual report of 2022, interim results of 2023 and interim report of 2023; (ii) reviewing audit and review reports of the auditors; (iii) reviewing the effectiveness of the risk management and internal control systems of the Group; (iv) reviewing the continuing connected transactions; (v) considering the re-appointment of external auditor of the Company; (vi) reviewing the resources of accounting and financial reporting functions of the Group; and (vii) reviewing the effectiveness of the Company's internal audit function.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters including the review of the audited annual consolidated financial statements of the Company for the year ended 31 December 2023. The Audit Committee is of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

REMUNERATION COMMITTEE

The Group has established the Remuneration Committee on 16 November 2020 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the code provision E.1 of the CG Code. The Remuneration Committee consists of one executive Director and two independent non-executive Directors, namely, Mr. Liu Yuhui, Ms. Luo Ying and Ms. Liang Yunxing. Ms. Luo Ying is the chairperson of the Remuneration Committee. Ms. Jin Xu resigned as the chairperson of the Remuneration Committee on 17 November 2023 and Ms. Luo Ying was appointed as the chairperson of the Remuneration Committee on the same day.

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

During the year ended 31 December 2023, 1 meeting of the Remuneration Committee was held. The work performed by the Remuneration Committee during the year ended 31 December 2023 includes but not limited to (i) confirming the remuneration of executive Directors and independent non-executive Directors for 2022; (ii) discussing and determining the remuneration adjustments for 2023 of executive Directors; and (iii) reviewing the remuneration of independent non-executive Directors for 2023 and recommending to the Board for approval.

NOMINATION COMMITTEE

The Group has established the Nomination Committee on 16 November 2020 with written terms of reference in compliance with the code provision B.3 of the CG Code. The Nomination Committee consists of one executive Director and two independent non-executive Directors, namely Mr. Liu Yuhui, Ms. Luo Ying and Ms. Liang Yunxing. Mr. Liu Yuhui is the chairperson of the Nomination Committee. Ms. Jin Xu resigned as a member of the Nomination Committee on 17 November 2023 and Ms. Luo Ying was appointed as a member of the Nomination Committee on the same day.

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

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

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

During the year ended 31 December 2023, 1 meeting of the Nomination Committee was held. The work performed by Nomination Committee during the year ended 31 December 2023 includes but not limited to (i) reviewing the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board; (ii) assessing the independence of independent non-executive Directors; (iii) reviewing the Board Diversity Policy and the Nomination Policy; and (iv) reviewing the re-appointment of Directors who are subject to retire by rotation at the forthcoming AGM.

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

Nomination policy

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

(i) reputation for integrity;

(ii) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

(iii) diversity in all aspects, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge;

(iv) the ability to assist and support management and make significant contributions to the Group;

(v) commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board Committees;

(vi) compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment or re-appointment of an independent non-executive Directors; and

(vii) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

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

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

Appointment of New Director

(i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents.

(ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(iii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

(iv) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

Re-election of Director at General Meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria as set out above.

(iii) The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

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

Board Diversity Policy

The Company recognises the benefits of having a diversified Board. The Company has adopted the Board Diversity Policy with the aim of achieving an appropriate level of diversity among Board members according to the circumstances of the Group from time to time. In summary, the Board Diversity Policy sets out that when considering the nomination and appointment of a Director, with the assistance of the Nomination Committee, the Board would consider a range of diversity of perspectives, including but not limited to the skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender and the potential contributions that the candidate is expected to bring to the Board, in order to better serve the needs and development of the Company. All Board appointments will be based on merits and candidates will be considered against objective criteria, having due regard to the benefits of diversity to the Board. The current Board had 2 female members out of the total 5 Board members, accounting for around half of the Board. Thus the Board has achieved an gender parity. The Company will also ensure that there is gender diversity when recruiting staff at mid to senior level of the Group so that it will have a pipeline of female senior management and potential successors to the Board in the future.

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

Gender
Male: 3 Directors
Female: 2 Directors

Age Group
40–50: 3 Directors
51–60: 2 Directors

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

Educational Background
Business Administration: 1 Director
Account and Finance: 2 Director
Legal: 1 Director
Other: 1 Director

Nationality
Chinese: 5 Directors

Business Experience
Accounting & Finance: 3 Directors
Experience related to the Company's business: 1 Director
Other: 1 Director

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

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

Gender Diversity of Employees

As at 31 December 2023, the Group has a total of 928 employees, and the ratio of male to female employees is approximately 55:45 (As at 31 December 2022: 59:41). Considering that the Group is mainly engaged in the property development, the employees mainly consist of technical personnel and general workers, most of them are generally male, as a result, the Nomination Committee considered that the current ratio of male and female employees is relatively balanced.

CORPORATE GOVERNANCE FUNCTIONS

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

During the year ended 31 December 2023, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

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

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

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

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

The Board has reviewed and considered that the Board Independence Evaluation Mechanism is effective in ensuring that independent views and input are provided to the Board during the year ended 31 December 2023.

ANNUAL REMUNERATION PAYABLE TO THE MEMBERS OF SENIOR MANAGEMENT

The annual remuneration of the members of the senior management by band for the year ended 31 December 2023 is as follows:

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

DIRECTORS' REMUNERATION POLICY

The Directors' remuneration policy is set out in the section headed "Management Discussion and Analysis — Employees and Remuneration Policy" on page 35 of this annual report.

AUDITOR'S REMUNERATION

During the year ended 31 December 2023, the remunerations paid or payable to Ernst & Young in respect of its audit services are RMB2,800,000.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements of the Group for the year ended 31 December 2023, which give a true and fair view of the state of affairs of the Group and of the operating results and cash flow for the year. The Directors consider that the financial statements have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates, reasonable information and prudent judgment of the Board and the management.

The statements of the auditor of the Group about its reporting responsibility on the consolidated financial statements of the Group are set out in the Independent Auditor's Report on pages 78 to 80 of this annual report.

Disclaimer of Opinion

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

Multiple uncertainties relating to going concern

During the year ended 31 December 2023, the Group recorded a net loss of RMB985,538,000. As at 31 December 2023, (i) the Group's total bank and other borrowings and senior notes amounted to RMB7,085,601,000, out of which RMB4,944,251,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB1,311,364,000; (ii) the Group had not repaid an aggregate principal amount of RMB860,104,000 for certain senior notes according to their scheduled repayment dates; (iii) an aggregate principal amount of RMB712,000,000 for certain interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment dates; and (iv) the failure to repay certain senior notes and certain interest-bearing bank and other borrowings resulted in a total amount of RMB1,070,851,000 of certain interest-bearing bank and other borrowings becoming repayable on demand.

The above conditions indicate the existence of material uncertainties which cast significant doubt over the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company have undertaken a number of plans and measures to improve the Group's liquidity and financial position. Details of the measures to improve the Group's financial positions are set out in note 2.1 to the consolidated financial statements.

The directors of the Company have reviewed the Group's cashflow projections prepared by management, which cover a period of twelve months from 31 December 2023. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the following twelve months from 31 December 2023. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2023 on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Group will be able to implement the aforementioned plans and measures as described above. Should the Group be unable to operate as a going concern, adjustments may have to be made to write down the carrying values of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

Having critically reviewed the disclaimer of opinion, the cashflow forecast and the plans and measures as set out in note 2.1 to the consolidated financial statements, the Audit Committee concurs with the management's view above.

RISK MANAGEMENT AND INTERNAL CONTROL

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

Risk management structure of the Company

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

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

- The Board and senior management team are responsible for determining the Group's business and investment plans, preparing the Group's annual financial budgets and final reports and formulating proposals for profit distributions, and is in charge of the overall risk control of the Group. Any significant business decisions involving material risks are revised by the Board.

- The Group's management team at headquarters level is in charge of the daily business operations and risk monitoring of local projects, and is responsible for the supervision of different aspects of local operations on a daily basis as well as the supervision and approval of any material business decisions of respective project companies. The Group has formulated clear reporting lines between the management at the Group's city company level and group level.

- The Directors, managers of sales and market department and other managers of relevant department at the headquarters level will discuss and make final site selection decisions.

- The Group's internal audit and risk control department is responsible for monitoring the implementation of the Group's internal control measures.

- The Group's legal department is responsible for legal matters at the Group's headquarters level and for its local subsidiaries. The legal department supervises the legal compliance of production, operation, employment, financing, material transactions and acquisitions.

Risk management and internal control procedure

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

Risk management and internal control review

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

The annual review in respect of the year ended 31 December 2023 has considered, among others (i) adequacy of resources; (ii) staff qualifications and experience; (iii) training programmes for the staff; and (iv) budget of the Group's accounting, internal audit and financial reporting functions. The Board also conducted a comprehensive evaluation on the timeliness, effectiveness and normativity of the procedures for handling and releasing inside information of the Company, as well as the effectiveness of the Company's processes for financial reporting and Listing Rules compliance.

For the year ended 31 December 2023, the Board considers that the risk management and internal control systems of the Company are effective and adequate.

Dissemination of inside information

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

Whistle-blowing Policy

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

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

Anti-Corruption Policy

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

During the year ended 31 December 2023, the Company held an anti-corruption training and briefing to all employees. There were no non-compliance cases in relation to bribery and corruption.

SHAREHOLDERS' RIGHT

Procedures for Shareholders to Convene an Extraordinary General Meeting

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

Procedures for putting forward proposals at general meetings

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

Procedures for directing shareholders' enquiries to the Board

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

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

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

Shareholders' Communication Policy

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

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

(a) Corporate Communication

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

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

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

(c) Corporate Website

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

(d) Shareholders' Meetings

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

(e) Shareholders' Enquiries

Enquiries about Shareholdings

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

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

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

(f) Other Investor Relations Communication Platforms

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

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

COMPANY SECRETARY

With the resignation of Mr. Luo Changlin and Ms. Tang King Yin from the position of joint company secretaries of the Company on 23 February 2024, the Company has appointed Mr. So Wing Chun ("**Mr. So**") as the company secretary of the Company with effect from 23 February 2024. Mr. So is a manager of SWCS Corporate Services Group (Hong Kong) Limited, a corporate secretarial services provider in Hong Kong. He is the company secretary of Ling Yue Services Group Limited (Stock Code: 2165), 30%-controlled company (as defined in the Listing Rules) of the Ultimate Controlling Shareholders, and Huabang Technology Holdings Limited (Stock Code: 3638) and was the company secretary of Pa Shun International Holdings Limited (Stock Code: 574), a company listed on the Main Board of the Stock Exchange. Mr. So obtained a Bachelor of Business Administration (Honours) from Hong Kong Shue Yan University. He is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Mr. Luo Changlin, an executive Director, is the principal contact person of Mr. So in the Company.

Each of Mr. Luo Changlin and Ms. Tang King Yin has confirmed that for the year ended 31 December 2023, they have taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules..

CONSTITUTIONAL DOCUMENTS

In order to reflect and align with the new requirements of shareholder protection standards under the amendments on the Listing Rules with effect from 1 January 2022, the Board has proposed to amend the Articles of Association which has been approved by Shareholders at the 2022 annual general meeting. The current Articles of Association is available on the respective website of the Stock Exchange and the Company. During the year ended 31 December 2023, save as disclosed, no material change has been made on the Articles of Association.

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

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

RESULTS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 81 to 82 of this annual report.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the past five financial years is set out on pages 183 to 184 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2023 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company during the year ended 31 December 2023 are set out in note 33 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year ended 31 December 2023, and reserves available for distribution to Shareholders by the Company as at 31 December 2023 are set out on pages 85 to 86 and 182 of this report.

BORROWINGS AND SENIOR NOTES

Details of borrowings and senior notes of the Group during the year ended 31 December 2023 are set out in note 31 and 32 respectively to the consolidated financial statements.

DEBENTURES

During the year ended 31 December 2023, the Company did not issued any debentures.

DIVIDEND POLICY AND FINAL DIVIDEND

Dividend policy

The provision F.1.1 of the CG Code stipulates that the Company should have a policy on payment of dividends. The Group has neither fixed policy nor pre-determined rate and, subject to compliance with the relevant laws of the Cayman Islands and the Articles of Association, the Company has the right to declare dividends in any currency, but no dividend may be declared in excess of the amount recommended by the Board. The Articles of Association provide that dividends may be declared and paid out of the Group's profit, realized or unrealized, or from any reserve set aside from profit which the Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of the Company's share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Companies Act and the Articles of Association. The Company considers it more appropriate to determine a dividend payment after taking into account those factors including the Company's then financial performance, operating and capital requirements and market conditions, to enable the Company to be in a better position to cope with its future development, which is to the best interest of the Company and its shareholders as a whole.

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

Final dividend

The Board did not recommend the payment of a final dividend for the year ended 31 December 2023.

As at 31 December 2023, there was no arrangement under which a Shareholder had waived or agreed to waive any dividends.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be convened and held on Thursday, 30 May 2024. A notice convening the AGM will be published on the Company's website and the website of Hong Kong Exchange and Clearing Limited and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course. For the purpose of determination of eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 27 May 2024 to Thursday, 30 May 2024 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to be entitled to attend and vote at the forthcoming AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Friday, 24 May 2024.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2023, revenue attributable to the largest customer of the Group amounted to approximately 0.1% of the total revenue in the year and the five largest customers of the Group accounted for 0.4% of the Group's total revenue in the year.

For the year ended 31 December 2023, purchases attributable to the largest supplier of the Group amounted to approximately 32.6% of the total purchases in the year and the five largest suppliers of the Group accounted for 42.9% of the Group's total purchases in the year.

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

EQUITY LINKED AGREEMENTS

Save for the Share Option Scheme as disclosed under the section headed "Share Option Scheme" below, during the year ended 31 December 2023, no equity-linked agreements were entered into by the Company or subsisted at the end of the year.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2023.

BOARD OF DIRECTORS

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

Executive Directors

Mr. Liu Yuhui
Mr. Luo Changlin
Ms. Hou Xiaoping *(resigned on 5 July 2023)*

Independent Non-executive Directors

Ms. Jin Xu *(resigned on 17 November 2023)*
Ms. Luo Ying *(appointed on 17 November 2023)*
Ms. Liang Yunxing
Mr. Fang Min

DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service agreement with the Company for a term of three years commencing from the Listing Date and renewed their service agreements for a term of three years from 2023, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from the date of appointment and renewed their letters of appointment for a term of three years from 2023, which may be terminated by not less than three months' notice in writing served by either party on the other.

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

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

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each independent non-executive Director an annual written confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules for the year ended 31 December 2023. The Company considers each of the independent non-executive Directors to be independent.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2023 are set out in note 8 and note 9 to the consolidated financial statements.

None of the Directors waived his/her emoluments or has agreed to waive his/her emoluments for the year ended 31 December 2023.

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

Save as disclosed in the section headed "Continuing Connected Transactions" below and the related party transactions as set out in note 39 to the consolidated financial statements, there was no transaction, arrangement or contract of significance subsisting during or at the end of the year ended 31 December 2023, to which the Company, its holding company or subsidiary was a party, and in which the Directors or their respective connected entities were materially interested, either directly or indirectly.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2023, none of the Directors were interested in any business apart from the Group's businesses, which competes or likely to compete, either directly or indirectly, with the businesses of the Group.

MANAGEMENT CONTRACTS

During the year ended 31 December 2023, no contract concerning the management of the whole or substantial part of any business of the Company was entered into, or subsisted at the end of the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save for the Share Option Scheme as disclosed under the section headed "Share Option Scheme" below, none of the Company, its holding company, or any of its subsidiaries was a party to any arrangement enabling the Directors to acquire benefits by means of the acquisition of equity or debt securities, including the debentures of the Company or any other body corporate during the year ended 31 December 2023.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

Save as disclosed in the section headed "Continuing Connected Transactions" below and the related party transactions as set out in note 39 to the consolidated financial statements, no contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries, and no contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries was entered into during the year ended 31 December 2023.

COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

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

Each of the Ultimate Controlling Shareholders has confirmed to the Company that, as at 31 December 2023, he/she has complied with the Deed of Non-Competition as disclosed in the Prospectus (the "**Undertakings**").

The independent non-executive Directors have reviewed the compliance with the Deed of Non-Competition by each of the Ultimate Controlling Shareholders. On the basis that: (i) the Company has received the confirmation from each of the Ultimate Controlling Shareholders regarding the Undertakings; (ii) there was no competing business reported by each of the Ultimate Controlling Shareholders; and (iii) there was no particular situation rendering the full compliance of the Undertakings being questionable, the independent non-executive Directors are of the view that the Deed of Non-Competition has been complied with and enforced by the Company for the year ended 31 December 2023.

CONNECTED TRANSACTIONS

During the year ended 31 December 2023, the Company conducted the following transactions which constitute non-exempt connected transactions (as defined in the Listing Rules) of the Company, details of these transactions are set out below:

1 Property management services

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

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

The Directors estimated that the maximum transaction amounts under the 2023 Property Management Services Framework Agreement for the years ended 31 December 2023, 2024, 2025 will not exceed RMB129,000,000, RMB152,000,000 and RMB182,000,000, respectively. For the year ended 31 December 2023, the service fees paid by the Group to Lingyue Services Group for the Property Management Services in aggregate amounted to approximately RMB68.88 million.

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

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

2 Restructuring of a Subsidiary and Disposal of Subsidiaries

On 20 August 2023, three indirect wholly-owned subsidiaries of the Company (i.e. Meishan Leading Real Estate, Meishan Huarui Real Estate Company Limited* (眉山華瑞房地產開發有限公司) ("**Meishan Huarui**") and Leading Group, Meishan Hongda Construction Investment Company Limited* (眉山宏大建設投資有限責任公司) ("**Meishan Hongda**"), Meishan Development Holding Group Co. Ltd.* (眉山發展控股集團有限公司) ("**Meishan Holdings**") and each of the Meishan Chuanruida Property Development Company Limited* (眉山川瑞達房地產開發有限公司) ("**Meishan Chuanruida**"), Meishan Huarui Hongda Real Estate Company Limited* (眉山華瑞宏大置業有限公司) ("**Meishan Huarui Hongda**") and Meishan Haina Property Development Company Limited* (眉山海納房地產開發有限公司) ("**Meishan Haina**") entered into an equity transfer agreement to restructure the seven property projects jointly held by the Group and Meishan Hongda (the "**Proposed Transactions**"), which involves (a) the internal corporate restructuring of an indirect non wholly-owned subsidiary (i.e. Luzhou Fanya Property Development Company Limited* (瀘州泛亞房地產開發有限公司)) at a consideration of approximately RMB290.24 million and (b) the disposals of the entire equity interest indirectly held by the Company in three non wholly-owned subsidiaries of the Company (i.e. the Meishan Chuanruida, Meishan Huarui Hongda and Meishan Haina) to Meishan Hongda at an aggregated consideration of approximately RMB810.58 million.

The Company expects that the disposals will be beneficial for the Company to strengthen its cash flow and therefore for the Company to be better positioned to handle any future challenges and adhere to its prudent operation strategy.

On the other hand, the restructuring is contemplated for the Group to acquire control over the sales of the completed property project owned by Luzhou Fanya Property Development Company Limited. As the property project has entered into the pre-sale stage and the Company has the ultimate control over the price of such property project, the Board believes that the Company could maximise its return and replenish its cashflow in a short run.

On 20 August 2023, Meishan Hongda holds 45% equity interest in each of the disposal companies and therefore is a substantial shareholder of each of the disposal companies. As such, Meishan Hongda is a connected person at the subsidiary level according to Rule 14A.07(1) of the Listing Rules.

For further details, please refer to the announcement of the Company dated 21 August 2023.

Meishan Hongda holds 45% equity interest in each of Meishan Chuanruida, Meishan Huarui Hongda and Meishan Haina and therefore is a substantial shareholder of each of the Meishan Chuanruida, Meishan Huarui Hongda and Meishan Haina. As such, Meishan Hongda is a connected person at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. Accordingly, the Proposed Transactions constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

* for identification purpose only

Confirmation from the independent non-executive directors

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

Confirmation from the auditors

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

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2023 are disclosed in note 39 to the consolidated financial statements. Save as disclosed, none of the related party transactions constitute connected transactions or continuing connected transactions of the Company.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions or continuing connected transactions entered into by the Group during the year ended 31 December 2023.

SHARE OPTION SCHEME

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

Purpose

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

(i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and

(ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

Participants

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

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any directors (including independent non-executive Directors) of the Company or any of its subsidiaries; and

(iii) any advisors, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries.

Maximum number of shares available for issue

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

Maximum entitlement of each participant

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

Acceptance and exercise of options

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

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

Subscription price

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

(i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date on which such option is offered in writing to the Eligible Participant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date on which such option is offered in writing to the Eligible Participant; and

(iii) the nominal value of a Share.

Duration of the Share Option Scheme

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date up to 9 December 2030. The remaining life of the Share Option Scheme is approximately 6 years and 8 months.

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

As at 31 December 2023, no option had been granted or agreed to be granted under the Share Option Scheme. The number of options available for grant under the Share Option Scheme at the beginning and the end of the financial year of 2023 is 100,000,000 Shares.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 December 2023, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise be notified to the Company and the Stock Exchange pursuant to the Model Code are set out below:

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

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

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Calculated on the basis of 1,026,945,000 Shares in issue as at 31 December 2023.

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

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

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

Save as disclosed above, as at 31 December 2023, none of the Directors and chief executives of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF PERSONS OTHER THAN THE DIRECTORS AND CHIEF EXECUTIVES

As at 31 December 2023, the following persons, other than a Director or chief executive of the Company, had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of interest/Capacity	Number of Shares held(1)	Approximate percentage of interest in the Company(2)
Mr. Liu Ce(3)(4)	Interest in controlled corporation	766,374,000 (L)	74.63%
Yuan Di(3)(4)	Beneficial owner	209,088,000 (L)	20.36%
Mr. Liu Haowei(3)(5)	Interest in controlled corporation	766,374,000 (L)	74.63%
Ling Yue(3)(5)	Beneficial owner	209,162,250 (L)	20.37%
Ms. Wang Tao(3)(6)	Interest in controlled corporation	766,374,000 (L)	74.63%
Ms. Long Yiqin(3)(7)	Interest in controlled corporation	766,374,000 (L)	74.63%
Ms. Hou Sanli(3)(8)	Interest in controlled corporation	766,374,000 (L)	74.63%
Ms. Lan Tian(9)	Interest of spouse	766,374,000 (L)	74.63%

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

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Calculated on the basis of 1,026,945,000 Shares in issue as at 31 December 2023.

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

(4) 209,088,000 and 37,125,000 Shares are held by Yuan Di and Fan Tai, respectively. Yuan Di and Fan Tai are wholly owned by Mr. Liu Ce. By virtue of SFO, Mr. Liu Ce is deemed to be interested in the Shares held by Yuan Di and Fan Tai.

(5) 209,162,250 and 37,125,000 Shares are held by Ling Yue and Lian Rong, respectively. Ling Yue and Lian Rong are wholly owned by Mr. Liu Haowei. By virtue of SFO, Mr. Liu Haowei is deemed to be interested in the Shares held by Ling Yue and Lian Rong.

(6) 1,262,250 Shares are held by San Jiang Yuan, which is in turn wholly owned by Ms. Wang Tao. By virtue of SFO, Ms. Wang Tao is deemed to be interested in the Shares held by San Jiang Yuan.

(7) 1,262,250 Shares are held by Fu Sheng, which is in turn wholly owned by Ms. Long Yiqin. By virtue of SFO, Ms. Long Yiqin is deemed to be interested in the Shares held by Fu Sheng.

(8) 1,262,250 Shares are held by Shan Yuan, which is in turn wholly owned by Ms. Hou Sanli. By virtue of SFO, Ms. Hou Sanli is deemed to be interested in the Shares held by Shan Yuan.

(9) Ms. Lan Tian, the spouse of Mr. Liu Ce, is deemed to be interested in all the Shares that Mr. Liu Ce is interested in by virtue of the SFO.

(10) Mr. Liu Yuqi, the spouse of Ms. Hou Sanli, is deemed to be interested in all the Shares that Ms. Hou Sanli is interested in by virtue of the SFO.

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

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

Save as disclosed above, as at 31 December 2023, no other person, other than a Director or chief executive of the Company, had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

PRE-EMPTIVE RIGHTS AND TAX RELIEF OR EXEMPTION

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

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

BUSINESS REVIEW

The Group's business review and its future business development are set out in the Chairman's statement on page 9 of this annual report. An analysis of the Group's business using financial key performance indicators, and description of the principal risks and uncertainties facing the Group are set out in the Management Discussion and Analysis on pages 10 to 36 of this annual report.

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

ENVIRONMENTAL PROTECTION

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

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

During the year ended 31 December 2023, no material fines or penalties were imposed on the Group for non-compliance of PRC environmental laws and regulations. In addition, the Group had obtained all required approvals in relation to the environmental impact reports, where applicable, for its projects under development. Further details of the Group's environmental policies and performance will be disclosed in the environmental, social and governance report of the Company for the year ended 31 December 2023 to be published in due course in accordance with the Listing Rules.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2023, the Group had, in all material respects, complied with all the relevant and applicable PRC laws and regulations governing the business of property development and management and the Group had obtained all licenses, permits and certificates for the purpose of operating its business.

LITIGATION

During the year ended 31 December 2023, the Group was involved in certain litigation and arbitration cases in the regular course of its business for certain interest bearing bank and other borrowings which had not been repaid according to their scheduled repayment dates as mentioned in note 2.1 to the financial statements.

RELATIONSHIP WITH STAKEHOLDERS

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

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

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

The Group's major suppliers are construction material suppliers and construction contractors. During the year ended 31 December 2023, the Group selected suppliers through open tendering/bidding process conducted either by its project companies, or by its headquarters periodically pursuant to a partially-centralized approach adopted by the Group starting from 2019.

CHARITABLE DONATIONS

The donations made by the Group during the year ended 31 December 2023 amounted to RMB2,020,000 (2022: RMB241,036).

PERMITTED INDEMNITY PROVISIONS

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

SUBSEQUENT EVENTS

No material events were undertaken by the Group subsequent to 31 December 2023 and up to the date of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

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

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

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2023 have been audited by Ernst & Young, the auditor of the Company. The Company has not changed its auditor since the listing date and up to the date of this report. A resolution for the re-appointment of Ernst & Young as the Company's auditor will be proposed at the forthcoming AGM of the Company.

Leading Holdings Group Limited
Liu Yuhui
Chairman of the Board

Hong Kong, 28 March 2024

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To the shareholders of Leading Holdings Group Limited
(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Leading Holdings Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 81 to 182, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern

As set out in note 2.1 to the consolidated financial statements, the Group recorded a net loss of RMB985,538,000 for the year ended 31 December 2023. (i) As at 31 December 2023, the Group's total bank and other borrowings and senior notes amounted to RMB7,085,601,000, out of which RMB4,944,251,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB1,311,364,000; (ii) the Group had not repaid an aggregate principal amount of RMB860,104,000 for certain senior notes according to their scheduled repayment dates; (iii) an aggregate principal amount of RMB712,000,000 for certain interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment dates; and (iv) the failure to repay certain senior notes and certain interest-bearing bank and other borrowings resulted in a total amount of RMB1,070,851,000 of certain interest-bearing bank and other borrowings becoming repayable on demand. These conditions, together with other matters disclosed in note 2.1 to the financial statements, indicate the existence of material uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including whether the Group can: (i) successfully complete the holistic restructuring of its senior notes; (ii) successfully negotiate with the Group's existing lenders for the renewal or extension for repayment of the Group's bank and other borrowings; (iii) successfully secure project development loans for qualified project development; (iv) successfully obtain additional new sources of financing as and when needed; (v) successfully carry out the Group's business strategy plan including the acceleration of the sales of properties; (vi) successfully implement measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and (vii) successfully dispose of the Group's equity interests in project development companies when suitable.

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

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lawrence K.W. Lau.

Ernst & Young
Certified Public Accountants

Hong Kong
28 March 2024

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	5	**18,493,524**	13,978,807
Cost of sales		**(16,727,734)**	(15,978,385)
Gross profit		**1,765,790**	(1,999,578)
Other income and gains	5	**85,091**	81,138
Selling and distribution expenses		**(1,013,184)**	(938,068)
Administrative expenses		**(294,754)**	(476,564)
Fair value losses on investment properties, net		**(355,900)**	(433,816)
Other expenses		**(39,571)**	(111,299)
Finance costs	7	**(262,376)**	(459,326)
Share of profits and losses of:			
Joint ventures		**12,200**	(144,215)
Associates		**(2,629)**	(16,421)
LOSS BEFORE TAX	6	**(105,333)**	(4,498,149)
Income tax expense	10	**(880,205)**	(599,733)
LOSS FOR THE YEAR		**(985,538)**	(5,097,882)
Attributable to:			
Owners of the parent		**(1,319,083)**	(4,149,888)
Non-controlling interests		**333,545**	(947,994)
		(985,538)	(5,097,882)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted			
— For loss for the year		**RMB(1.28)**	RMB(4.04)

Consolidated Statement of Comprehensive Income

Year ended 31 December 2023

	2023 *RMB'000*	2022 *RMB'000*
LOSS FOR THE YEAR	**(985,538)**	(5,097,882)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**—**	—
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(985,538)**	(5,097,882)
Attributable to:		
Owners of the parent	**(1,319,083)**	(4,149,888)
Non-controlling interests	**333,545**	(947,994)
	(985,538)	(5,097,882)

Consolidated Statement of Financial Position

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**144,867**	164,297
Investment properties	16	**3,530,100**	3,886,000
Right-of-use assets	15	**48,099**	55,711
Other intangible assets	14	**19,034**	20,788
Investments in joint ventures	17	**397,117**	430,517
Investments in associates	18	**104,603**	106,934
Deferred tax assets	19	**779,512**	1,139,039
Other non-current assets	26	**143,730**	215,073
Total non-current assets		**5,167,062**	6,018,359
CURRENT ASSETS			
Properties under development	21	**15,301,782**	30,958,611
Completed properties held for sale	22	**5,846,246**	5,424,853
Trade receivables	23	**41,332**	40,867
Prepayments, deposits and other receivables	24	**4,250,699**	5,489,788
Due from related companies	39	**813,325**	1,167,790
Financial assets at fair value through profit or loss	20	**900**	3,000
Other current assets	25	**119,351**	723,750
Tax recoverable		**499,478**	540,044
Restricted cash	27	**598,800**	934,284
Pledged deposits	27	**96,432**	126,677
Cash and cash equivalents	27	**1,311,364**	2,595,964
Total current assets		**28,879,709**	48,005,628
CURRENT LIABILITIES			
Trade and bills payables	28	**5,513,317**	6,816,937
Other payables and accruals	29	**3,767,586**	3,888,814
Interest-bearing bank and other borrowings	31	**4,084,147**	3,821,333
Senior notes	32	**860,104**	845,818
Contract liabilities	30	**11,887,470**	25,943,890
Lease liabilities	15	**3,491**	6,101
Due to related companies	39	**598,309**	503,720
Tax payable	10	**2,094,888**	1,663,925
Total current liabilities		**28,809,312**	43,490,538

	Notes	2023 RMB'000	2022 RMB'000
NET CURRENT ASSETS		**70,397**	4,515,090
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,237,459**	10,533,449
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*31*	**2,141,350**	4,391,773
Lease liabilities	*15*	**8,539**	12,029
Deferred tax liabilities	*19*	**452,687**	687,907
Total non-current liabilities		**2,602,576**	5,091,709
NET ASSETS		**2,634,883**	5,441,740
EQUITY			
Equity attributable to owners of the parent			
Share capital	*33*	**8,670**	8,670
Reserves	*34*	**2,260,427**	3,735,743
		2,269,097	3,744,413
Non-controlling interests		**365,786**	1,697,327
TOTAL EQUITY		**2,634,883**	5,441,740

Mr. Liu Yuhui
Director

Mr. Luo Changlin
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2023

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2023

	Attributable to owners of the parent									
	Share capital RMB'000 (note 33)	Share premium RMB'000 (note 34)	Merger reserve RMB'000 (note 34)	Capital reserve RMB'000 (note 34)	Statutory surplus reserve RMB'000 (note 34)	Retained profits/ (accumulated losses) RMB'000	Other reserve RMB'000 (note 34)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2022	8,670	1,279,392	3,527,224	35,511	762,980	2,250,264	16,771	7,880,812	2,951,216	10,832,028
Total comprehensive loss for the year	—	—	—	—	—	(4,149,888)	—	(4,149,888)	(947,994)	(5,097,882)
Disposal of subsidiaries	—	—	—	—	(26,456)	26,456	—	—	(222,019)	(222,019)
Acquisition of additional interests in subsidiaries	—	—	—	1,197	—	—	—	1,197	(89,644)	(88,447)
Capital contribution from non-controlling shareholders	—	—	—	12,292	—	—	—	12,292	5,768	18,060
Appropriations to statutory surplus reserve	—	—	—	—	82,545	(82,545)	—	—	—	—
As at 31 December 2022	8,670	1,279,392*	3,527,224*	49,000*	819,069*	(1,955,713)*	16,771*	3,744,413	1,697,327	5,441,740

* These reserve accounts comprise the consolidated reserves of RMB2,260,427,000 (2022: RMB3,735,743,000) in the consolidated statement of financial position.

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(105,333)**	(4,498,149)
Adjustments for:			
Depreciation of items of property, plant and equipment	6,13	**31,889**	43,722
Depreciation of right-of-use assets	6,15	**7,612**	7,936
Amortisation of other intangible assets	6,14	**3,665**	3,665
Finance costs	7	**262,376**	459,326
Gains on disposal of items of property, plant and equipment	5,6	**(5,247)**	(18,356)
Loss on disposal of investment properties	6	**—**	6,626
Share of profits and losses of joint ventures and associates		**(9,571)**	160,636
Gain on disposal of joint ventures and associates	5,6	**—**	(8,822)
(Gain)/loss on disposal of subsidiaries	6,37	**(32,042)**	3,714
Impairment losses recognised for completed properties held for sale and properties under development	6	**802,284**	3,234,945
Impairment losses recognised for other receivables, net	6,24	**299**	16,409
Changes in fair value of investment properties	6,16	**355,900**	433,816
Interest income		**(11,917)**	(25,291)
		1,299,915	(179,823)
Decrease in properties under development and completed properties held for sale		**10,252,355**	5,759,599
Decrease in other current assets		**604,399**	127,656
Decrease in amounts due from related companies		**527**	1,268
Decrease/(increase) in restricted cash		**335,484**	(155,666)
Decrease in pledged deposits		**30,245**	15,847
(Increase)/decrease in in trade receivables		**(20,647)**	39,623
Increase in prepayments and other receivables		**(2,922,342)**	(56,563)
Decrease in trade and bills payables		**(864,151)**	(1,293,317)
Increase in other payables and accruals		**2,761,907**	267,242
Decrease in contract liabilities		**(10,718,947)**	(917,170)
(Decrease)/increase in amounts due to related companies		**(128,843)**	4,298
Cash generated from operations		**629,902**	3,612,994
Interest received		**4,550**	25,291
Tax paid		**(348,679)**	(789,471)
Net cash flows generated from operating activities		**285,773**	2,848,814

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		**6,416**	3,273
Purchases of items of property, plant and equipment		**(14,050)**	(17,990)
Purchases of intangible assets		**(1,910)**	(1,250)
Proceeds from disposal of investment properties		**—**	27,207
Acquisition of a subsidiary		**—**	(6,605)
Disposal of subsidiaries	*37*	**(266,206)**	9,566
Disposal of joint venture and associates		**—**	67,104
Dividends received from joint ventures and associates		**—**	95,655
Disposals of financial assets at fair value through profit or loss		**2,100**	2,864
Decrease in loans to related companies		**577,370**	455,226
Decrease/(increase) in advances to third parties		**1,300,750**	(491,024)
Interest received from third parties		**7,367**	—
Net cash flows from investing activities		**1,611,837**	144,026
CASH FLOWS USED IN FINANCING ACTIVITIES			
Capital contribution by the non-controlling shareholders		**2,650**	18,060
Capital reduction of subsidiaries from non-controlling interests		**(221,737)**	—
Acquisition of additional interests in subsidiaries		**—**	(88,447)
Decrease in advances from third parties		**(671,710)**	(679,395)
Proceeds from interest-bearing bank and other borrowings		**15,000**	755,004
Repayment of interest-bearing bank and other borrowings		**(1,755,205)**	(3,560,451)
Repayment of senior notes		**—**	(102,193)
Interest paid		**(544,323)**	(1,030,189)
Payments of lease liabilities	*15*	**(6,885)**	(7,245)
Net cash flows used in financing activities		**(3,182,210)**	(4,694,856)

	Note	2023 RMB'000	2022 RMB'000
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,284,600)**	(1,702,016)
Cash and cash equivalents at beginning of year		**2,595,964**	4,297,980
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,311,364**	2,595,964
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*27*	**2,006,596**	3,656,925
Less: Restricted cash	*27*	**598,800**	934,284
Pledged deposits	*27*	**96,432**	126,677
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS		**1,311,364**	2,595,964

1. CORPORATE AND GROUP INFORMATION

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

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

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

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

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

Information about subsidiaries

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

Subsidiaries	Place of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
Directly held:				
Leading Group Investment Limited	British Virgin Islands	US$50,000	100.00%	Investment Holding
Du Neng Investment Limited	British Virgin Islands	US$50	100.00%	Investment holding
Indirectly held:				
領地香港有限公司 Leading Hong Kong Holdings Ltd.	Hong Kong	HK$10,000	100.00%	Investment Holding
Du Neng Capital Limited	Hong Kong	HK$10,000	100.00%	Investment Holding
成都璽達企業管理集團有限公司 Chengdu Xida Enterprise Management Co., Ltd. ("Chengdu Xida")	People's Republic of China ("PRC")/Chinese Mainland	US$200,000,000	100.00%	Investment Holding

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

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

Subsidiaries	Place of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
成都恒禧企業管理諮詢有限公司 Chengdu Hengxi Business Management Co., Ltd. ("Chengdu Hengxi")	PRC/Chinese Mainland	RMB1,500,000,000	100.00%	Investment Holding
領地集團有限公司 Leading Real Estate Group Co., Ltd.	PRC/Chinese Mainland	RMB4,000,000,000	100.00%	Property development
成都漢景實業有限公司 Chengdu Hanjing Industrial Co., Ltd.	PRC/Chinese Mainland	RMB535,000,000	100.00%	Property development
成都港基房地產開發有限公司 Chengdu Gangji Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB83,485,321	100.00%	Property development
綿陽鴻遠領悅房地產開發有限公司 Mianyang Hongyuan Lingyue Real Estate Development Co., Ltd. ("Mianyang Hongyuan") *(note 1)*	PRC/Chinese Mainland	RMB20,000,000	50.00%	Property development
成都新隆置業有限公司 Chengdu Xinlong Real Estate Co., Ltd.	PRC/Chinese Mainland	RMB100,000,000	97.50%	Property development
惠州領地房地產開發有限公司 Huizhou Leading Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB20,000,000	100.00%	Property development
吉林省領地房地產開發有限公司 Jilin Province Leading Real Estate Development Co., Ltd. ("Jilin Leading")	PRC/Chinese Mainland	RMB200,000,000	55.00%	Property development
凱里凱龍置業有限公司 Kaili Kailong Real Estate Co. Ltd	PRC/Chinese Mainland	RMB8,000,000	100.00%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

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

Subsidiaries	Place of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
彭州旭合置業有限公司 Pengzhou Xuhe Real Estate Co. Ltd	PRC/Chinese Mainland	RMB20,000,000	51.00%	Property development
綿陽市宇航數碼科技有限公司 Mianyang Yuhang Shuma Technology Co., Ltd.	PRC/Chinese Mainland	RMB68,880,000	100.00%	Technology development
成都信勉置業有限公司 Chengdu Xinmian Real Estate Co. Ltd	PRC/Chinese Mainland	RMB20,000,000	100.00%	Property development
商丘川達房地產開發有限公司 Shangqiu Chuanda Real Estate Development Co. Ltd.	PRC/Chinese Mainland	RMB50,000,000	51.00%	Property development
南充領悦房地產開發有限公司 Nanchong Lingyue Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB60,975,600	100.00%	Property development
西昌恒量房地產開發有限公司 Xichang Hengliang Leading RealEstate Development Co., Ltd.	PRC/Chinese Mainland	RMB25,000,000	80.00%	Property development
駐馬店盛世匯通房地產開發有限公司 Zhumadian Shengshihuitong Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB40,000,000	70.00%	Property development
成都潤德英赫置業有限公司 Chengdu Rundeyinghe Real Estate Co., Ltd ("Chengdu Rundeyinghe")	PRC/Chinese Mainland	RMB50,000,000	50.00%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

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

Subsidiaries	Place of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
承德市雙灤區海建房地產開發有限公司 Haijian Real Estate Development Co., Ltd., Shuangluan District, Chengde City	PRC/Chinese Mainland	RMB50,000,000	51.00%	Property development
攀枝花領悦房地產開發有限公司 Panzhihua Lingyue Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB20,000,000	100.00%	Property development
荊州領悦房地產開發有限公司 Jingzhou Lingyue Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB50,000,000	100.00%	Property development
四川長壽坊房地產開發有限責任公司 Sichuan Longevity Fang Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB10,800,000	80.00%	Property development
荊州領創房地產開發有限公司 Jingzhou Lingchuang Real Estate Development Co., Ltd.	PRC/Chinese Mainland	RMB50,000,000	100.00%	Property development

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

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate their Chinese names as they do not have an official English name. The legal form of all the principal subsidiaries disclosed above is limited liability company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

During the year ended 31 December 2023, the Group recorded a net loss of RMB985,538,000. As at 31 December 2023, (i) the Group's total bank and other borrowings and senior notes amounted to RMB7,085,601,000, out of which RMB4,944,251,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB1,311,364,000; (ii) the Group had not repaid an aggregate principal amount of RMB860,104,000 for certain senior notes according to their scheduled repayment dates; (iii) an aggregate principal amount of RMB712,000,000 for certain interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment dates; and (iv) the failure to repay certain senior notes and certain interest-bearing bank and other borrowings resulted in a total amount of RMB1,070,851,000 of certain interest-bearing bank and other borrowings becoming repayable on demand.

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

(i) The Group will appoint financial advisors to assist it with a holistic restructuring of its senior notes, in order to reach a consensual solution with all the stakeholders as soon as practical;

(ii) The Group has been actively negotiating with the Group's existing lenders to seek renewal or extension for repayment of the Group's bank and other borrowings;

(iii) The Group has been actively negotiating with several financial institutions to obtain new loans at a reasonable cost for ensuring delivery of its property projects under development;

(iv) The Group will continue to seek other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures;

(v) The Group has prepared a business strategy plan focusing on the acceleration of the sales of properties;

(vi) The Group has implemented measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and

2.1 BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

(vii) The Group will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

The directors of the Company have reviewed the Group's cashflow projections prepared by management, which cover a period of twelve months from 31 December 2023. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the following twelve months from 31 December 2023. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2023 on a going concern basis.

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

(i) successfully complete the holistic restructuring of its senior notes;

(ii) successfully negotiate with the Group's existing lenders for the renewal or extension for repayment of the Group's bank and other borrowings;

(iii) successfully secure project development loans for qualified project development;

(iv) successfully obtain additional new sources of financing as and when needed;

(v) successfully carry out the Group's business strategy plan including the acceleration of the sales of properties;

(vi) successfully implement measures to speed up the collection of outstanding sales proceeds and effectively controlling costs and expenses; and

(vii) successfully dispose of the Group's equity interests in project development companies when suitable.

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

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform — Pillar Two Model Rules*

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Early application is permitted.

The Group has early adopted the amendment since 1 January 2019 and has determined the temporary differences arising from right-of-use assets and lease liabilities separately, which have been reflected in the reconciliation disclosed in note 19 to the financial statements. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under IAS 12.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(d) Amendments to IAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	Lack of Exchangeability[2]

1 Effective for annual periods beginning on or after 1 January 2024

2 Effective for annual periods beginning on or after 1 January 2025

3 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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 amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

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

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, investment properties and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

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

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

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

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

Properties under development

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Completed properties held for sale

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

Allocation of property development cost

Land costs are allocated to each unit according to their respective saleable gross floor area ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

Intangible assets (other than goodwill)

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

Leases

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

Group as a lessee

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(a) *Right-of-use assets*

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

Land use right	40 years
Leased properties	1 to 5 years

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

(b) *Lease liabilities*

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

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

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

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

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

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

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

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

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

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

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

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

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

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

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Simplified approach

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Financial guarantee contracts

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

Senior notes

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

In subsequent periods, the debt component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

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

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

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

Provisions

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

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

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Sale of properties

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

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

Project management

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

Hotel operations

Hotel revenue from room rental is recognised over time during the period of stay for the hotel guests. Revenue from food and beverage sales and other ancillary services is generally recognised at the point in time when the services are rendered.

Revenue from other sources

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

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

Contract liabilities

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

Employee benefits

Pension schemes

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

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

The Group's contributions to the Defined Contribution Schemes vest fully and immediately with the employees. Accordingly, (i) for the year ended 31 December 2023, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at 31 December 2023.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Borrowing costs

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. The Board has resolved not to declare any dividend for the year ended 31 December 2023.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Going concern consideration

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the directors, 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 2.1 to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Property lease classification — Group as lessor

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

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Provision for properties under development and completed properties held for sale

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Significant financing component

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

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

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

PRC land appreciation tax ("LAT")

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

PRC corporate income tax ("CIT")

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimation and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Impairment of non-financial assets

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

Estimation of fair value of investment properties

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

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2023 was RMB3,530,100,000 (2022: RMB3,886,000,000). Further details, including the key assumptions used for fair value measurements and a sensitivity analysis, are given in note 16 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Deferred tax assets

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

4. OPERATING SEGMENT INFORMATION

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

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

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

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

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2023	Property development RMB'000	Commercial property investment and operations RMB'000	Hotel operations RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	**18,329,555**	**110,528**	**53,441**	**18,493,524**
Segment results	**120,253**	**70,053**	**42,249**	**232,555**
Reconciliation:				
Bank interest income				**4,550**
Finance costs				**(262,376)**
Corporate and other unallocated expenses				**(80,062)**
Loss before tax from continuing operations				**(105,333)**
Segment assets	**23,000,820**	**10,693,895**	**140,652**	**33,835,367**
Reconciliation:				
Corporate and other unallocated assets				**211,404**
Total assets				**34,046,771**
Segment liabilities	**22,972,839**	**7,862,162**	**210,261**	**31,045,262**
Reconciliation:				
Corporate and other unallocated liabilities				**366,626**
Total liabilities				**31,411,888**

Year ended 31 December 2022	Property development RMB'000	Commercial property investment and operations RMB'000	Hotel operations RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	13,846,666	103,253	28,888	13,978,807
Segment results	(3,998,629)	70,269	3,568	(3,924,792)
Reconciliation:				
Interest income				17,396
Finance costs				(459,326)
Corporate and other unallocated expenses				(131,427)
Loss before tax from continuing operations				(4,498,149)
Segment assets	44,709,687	9,151,902	129,528	53,991,117
Reconciliation:				
Corporate and other unallocated assets				32,870
Total assets				54,023,987
Segment liabilities	40,702,695	7,670,444	197,990	48,571,129
Reconciliation:				
Corporate and other unallocated liabilities				11,118
Total liabilities				48,582,247

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Revenue from contracts with customers		
Sale of properties	**18,315,910**	13,835,248
Hotel operations	**53,441**	28,888
Project management	**13,645**	11,418
Sub-total	**18,382,996**	13,875,554
Revenue from other sources		
Gross rental income from investment property operating leases	**110,528**	103,253
Total revenue	**18,493,524**	13,978,807

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2023

Segments	Property development *RMB'000*	Project management operations *RMB'000*	Hotel operations *RMB'000*	Total *RMB'000*
Types of goods or services				
Sale of properties	18,315,910	—	—	18,315,910
Hotel operations	—	—	53,441	53,441
Project management services	—	13,645	—	13,645
Total revenue from contracts with customers	18,315,910	13,645	53,441	18,382,996
Timing of revenue recognition				
Sale of properties transferred at a point in time	18,315,910	—	—	18,315,910
Services transferred over time	—	13,645	53,441	67,086
Total revenue from contracts with customers	18,315,910	13,645	53,441	18,382,996

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

For the year ended 31 December 2022

Segments	Property development *RMB'000*	Project management operations *RMB'000*	Hotel operations *RMB'000*	Total *RMB'000*
Types of goods or services				
Sale of properties	13,835,248	—	—	13,835,248
Hotel operations	—	—	28,888	28,888
Project management services	—	11,418	—	11,418
Total revenue from contracts with customers	13,835,248	11,418	28,888	13,875,554
Timing of revenue recognition				
Sale of properties transferred at a point in time	13,430,955	—	—	13,430,955
Services transferred over time	404,293	11,418	28,888	444,599
Total revenue from contracts with customers	13,835,248	11,418	28,888	13,875,554

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2023 ***RMB'000***	2022 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	**14,698,528**	11,871,865

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations

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

Sale of properties
For property sales contracts, the Group receives payments from customers based on billing schedules as established in the contracts. Payments are usually received in advance of the performance under the contracts.

Hotel operations

The performance obligation is satisfied when services are rendered. Short-term advances are sometimes required before rendering the service.

Property management services

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

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

	2023 ***RMB'000***	2022 *RMB'000*
Amounts expected to be recognised as revenue		
Within one year	**11,051,487**	24,758,347
After one year	**835,983**	2,893,485
Total	**11,887,470**	27,651,832

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to the sale of properties that is to be satisfied within three years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(b) ***Performance obligations*** (Continued)

Property management services (Continued)

	2023 RMB'000	2022 RMB'000
Other income and gains		
Bank interest income	**4,550**	17,396
Interest income from third parties	**7,367**	7,895
Management consulting service fees charged to joint ventures and associates *(note 39)*	**7,665**	7,665
Government grants	**16,023**	2,542
Commercial compensation	**6,538**	14,197
Gain on disposal of items of property, plant and equipment *(note 6)*	**5,247**	18,356
Gain on disposal of subsidiaries	**32,042**	—
Gain on disposal of joint ventures and associates *(note 6)*	**—**	8,822
Others	**5,659**	4,265
Total	**85,091**	81,138

6. LOSS BEFORE TAX

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

	Notes	2023 RMB'000	2022 RMB'000
Cost of properties sold		**15,551,858**	12,673,470
Cost of hotel operations		**11,192**	25,320
Impairment losses recognised for completed properties held for sale and properties under development		**802,284**	3,234,945
Impairment losses recognised for other receivables	*24*	**299**	16,409
Loss on disposal of investment properties		**—**	6,626
(Gain)/loss on disposal of subsidiaries, net	*37*	**(32,042)**	3,714
Gain on disposal of joint ventures and associates	*5*	**—**	(8,822)
Changes in fair value of investment properties	*16*	**355,900**	433,816
Depreciation of items of property, plant and equipment	*13*	**31,889**	43,722
Amortisation of other intangible assets	*14*	**3,665**	3,665
Depreciation of right-of-use assets	*15*	**7,612**	7,936
Gain on disposal of items of property, plant and equipment	*5*	**(5,247)**	(18,356)
Lease payments not included in the measurement of lease liabilities	*15*	**2,257**	2,257
Auditor's remuneration		**2,800**	2,800
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		**171,326**	248,760
Pension scheme contributions and social welfare		**13,363**	21,346

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 RMB'000	2022 RMB'000
Interest on bank loans and other borrowings, and senior notes	**815,348**	1,074,601
Interest on lease liabilities *(note 15)*	**785**	1,084
Interest on pre-sales deposits	**858,180**	1,303,954
Total interest expense on financial liabilities not at fair value through profit or loss	**1,674,313**	2,379,639
Less: Interest capitalised	**(1,411,937)**	(1,920,313)
Total	**262,376**	459,326

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2023 RMB'000	2022 RMB'000
Fees	**706**	709
Other emoluments:		
Salaries, allowances and benefits in kind	**909**	2,030
Performance-related bonuses*	**159**	21
Pension scheme contributions and social welfare	**34**	258
Subtotal	**1,102**	2,309
Total fees and other emoluments	**1,808**	3,018

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

(a) Independent non-executive directors

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

	2023 RMB'000	2022 RMB'000
Mr. Fang Min	**300**	292
Ms. Jin Xu*	**94**	125
Ms. Liang Yunxing	**300**	292
Ms. Luo Ying*	**12**	—
Total	**706**	709

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

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).

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

(b) Executive directors and the chief executive

2023

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

* Ms. Hou Xiaoping, an executive director, resigned on 5 July 2023.

2022

	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Performance-related bonuses *RMB'000*	Pension scheme contributions and social welfare *RMB'000*	Total remuneration *RMB'000*
Executive directors:					
— Mr. Liu Yuhui *(chief executive)*	—	445	4	65	514
— Mr. Luo Changlin	—	603	17	65	685
— Ms. Zeng Xurong*	—	449	—	64	513
— Ms. Hou Xiaoping	—	533	—	64	597
Total	—	2,030	21	258	2,309

* Ms. Zeng Xurong retired as an executive director of the Company on 23 December 2022.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2022: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year did not include any directors (2022: Nil). Details of directors' remuneration are set out in note 8 above. Details of the remuneration for the year of the five (2022: five) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2023	2022
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**2,436**	2,942
Performance related bonuses	**1,507**	358
Pension scheme contributions and social welfare	**58**	323
Total	**4,001**	3,623

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

	Number of employees	
	2023	2022
Nil to HK$1,000,000	**4**	5
HK$1,000,001 to HK$1,500,000	**1**	—
Total	**5**	5

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

10. INCOME TAX

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

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

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

	2023	2022
	RMB'000	*RMB'000*
Current tax:		
PRC corporate income tax	**380,582**	408,270
PRC LAT	**462,537**	337,576
Deferred tax *(note 19)*	**37,086**	(146,113)
Total tax charge for the year	**880,205**	599,733

10. INCOME TAX (Continued)

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

	2023 RMB'000	2022 RMB'000
Loss before tax	**(105,333)**	(4,498,149)
At the statutory income tax rate	**(26,451)**	(1,124,537)
Lower tax rates for specific provinces or enacted by local authority	**2,574**	2,465
Profits and losses attributable to joint ventures and associates	**(2,393)**	40,159
Expenses and cost not deductible for tax	**107,688**	209,712
Deductible temporary differences utilised from previous years	**—**	(1,597)
Deductible temporary differences and tax losses not recognised	**451,884**	1,220,349
Provision for LAT	**462,537**	337,576
Tax effect on LAT	**(115,634)**	(84,394)
Tax charge at the Group's effective rate	**880,205**	599,733

Tax payable in the consolidated statement of financial position represents the following:

	2023 RMB'000	2022 RMB'000
PRC corporate income tax	**1,018,119**	814,637
PRC LAT	**1,076,769**	849,288
Total tax payable	**2,094,888**	1,663,925

11. DIVIDENDS

The Board has resolved not to declare any dividend for the year ended 31 December 2023 (2022: Nil).

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

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,026,945,000 (2022: 1,026,945,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2023 and 2022 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue for the years ended 31 December 2023 and 2022.

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

	2023	2022
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(1,319,083)**	(4,149,888)

	Number of shares	
	2023	2022
Shares		
Number of ordinary shares used in the basic loss per share calculation	**1,026,945,000**	1,026,945,000

13. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles *RMB'000*	Office equipment and electronic devices *RMB'000*	Buildings *RMB'000*	Hotel properties *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
31 December 2023						
At 1 January 2023:						
Cost	55,061	55,571	55,949	111,600	110,100	388,281
Accumulated depreciation	(49,415)	(48,167)	(23,051)	(21,204)	(82,147)	(223,984)
Net carrying amount	5,646	7,404	32,898	90,396	27,953	164,297
At 1 January 2023, net of accumulated depreciation	5,646	7,404	32,898	90,396	27,953	164,297
Additions	1,770	1,312	—	—	10,968	14,050
Disposal of subsidiaries *(note 37)*	(221)	(201)	—	—	—	(422)
Disposal	(493)	(35)	(641)	—	—	(1,169)
Depreciation provided during the year	(3,125)	(3,109)	(2,774)	(5,301)	(17,580)	(31,889)
At 31 December 2023, net of accumulated depreciation	3,577	5,371	29,483	85,095	21,341	144,867
At 31 December 2023:						
Cost	56,117	56,647	55,308	111,600	121,068	400,740
Accumulated depreciation	(52,540)	(51,276)	(25,825)	(26,505)	(99,727)	(255,873)
Net carrying amount	3,577	5,371	29,483	85,095	21,341	144,867

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Motor vehicles *RMB'000*	Office equipment and electronic devices *RMB'000*	Buildings *RMB'000*	Hotel properties *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
31 December 2022						
At 1 January 2022:						
Cost	55,250	54,839	63,992	111,600	93,528	379,209
Accumulated depreciation	(47,202)	(42,845)	(17,317)	(15,903)	(56,995)	(180,262)
Net carrying amount	8,048	11,994	46,675	95,697	36,533	198,947
At 1 January 2022, net of accumulated depreciation	8,048	11,994	46,675	95,697	36,533	198,947
Additions	521	922	15	—	16,572	18,030
Disposal	(710)	(190)	(8,058)	—	—	(8,958)
Depreciation provided during the year	(2,213)	(5,322)	(5,734)	(5,301)	(25,152)	(43,722)
At 31 December 2022, net of accumulated depreciation	5,646	7,404	32,898	90,396	27,953	164,297
At 31 December 2022:						
Cost	55,061	55,571	55,949	111,600	110,100	388,281
Accumulated depreciation	(49,415)	(48,167)	(23,051)	(21,204)	(82,147)	(223,984)
Net carrying amount	5,646	7,404	32,898	90,396	27,953	164,297

As at 31 December 2023, certain of the Group's property, plant and equipment with an aggregate carrying amount of approximately RMB85,095,000 (2022: RMB90,396,000) have been pledged to secure bank and other borrowings granted to the Group (note 31).

14. INTANGIBLE ASSETS

	2023 RMB'000	2022 RMB'000
At 1 January		
Cost	**38,578**	37,335
Accumulated amortisation	**(17,790)**	(14,125)
Net carrying amount	**20,788**	23,210
Cost at 1 January, net of accumulated amortisation	**20,788**	23,210
Additions	**1,911**	1,250
Disposal	**—**	(7)
Amortisation provided during the year	**(3,665)**	(3,665)
At 31 December	**19,034**	20,788
Cost	**40,322**	38,578
Accumulated amortisation	**(21,288)**	(17,790)
Net carrying amount	**19,034**	20,788

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of office properties and office equipment used in its operations. Leases of office properties generally have lease terms between one and five years, while office equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	2023 RMB'000	2022 RMB'000
Land use right	**36,699**	38,213
Leased properties	**11,400**	17,498
Total right-of-use assets	**48,099**	55,711

The land use right is held for self-use. The Group has lease contracts for office buildings. The lease term is one to five years. Amortisation expenses have been charged to administrative expenses and cost of sales.

15. LEASES (Continued)

The Group as a lessee (Continued)

(a) ***Right-of-use assets*** (Continued)

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

	2023 *RMB'000*	2022 *RMB'000*
Land use right		
Carrying amount at 1 January	**38,213**	39,727
Depreciation provided during the year	**(1,514)**	(1,514)
Carrying amount at 31 December	**36,699**	38,213

Part of the Group's land use right with an aggregate carrying amount of approximately RMB16,922,000 as at 31 December 2023 (2022: RMB17,620,000) has been pledged to secure bank and other borrowings granted to the Group (note 31).

	2023 *RMB'000*	2022 *RMB'000*
Leased properties		
Carrying amount at 1 January	**17,498**	5,849
Additions	**—**	18,071
Depreciation provided during the year	**(6,098)**	(6,422)
Carrying amount at 31 December	**11,400**	17,498

15. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

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

	2023 RMB'000	2022 RMB'000
Lease liabilities		
Carrying amount at 1 January	**18,130**	6,220
New leases	**—**	18,071
Accretion of interest recognised during the year *(note 7)*	**785**	1,084
Payments	**(6,885)**	(7,245)
Carrying amount at 31 December	**12,030**	18,130
Analysed into:		
Current portion	**3,491**	6,101
Non-current portion	**8,539**	12,029

The maturity analysis of lease liabilities is disclosed in note 42 to the financial statements.

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

	2023 RMB'000	2022 RMB'000
Interest on lease liabilities *(note 7)*	**785**	1,084
Depreciation charge of right-of-use assets *(note 6)*	**7,612**	7,936
Expense relating to short-term leases *(note 6)*	**2,257**	2,257
Total amount recognised in profit or loss	**10,654**	11,277

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

15. LEASES (Continued)

The Group as a lessor

The Group leases its investment properties consisting of five commercial properties under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. As at the 31 December 2023, rental income recognised by the Group during the year was RMB110,528,000 (31 December 2022: RMB103,253,000), details of which are included in note 5 to the financial statements.

At 31 December 2023, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2023	2022
	RMB'000	*RMB'000*
Within one year	**90,136**	95,586
In the second to fifth years, inclusive	**182,323**	221,428
After five years	**29,488**	17,399
Total	**301,947**	334,413

16. INVESTMENT PROPERTIES

	2023	2022
	RMB'000	*RMB'000*
Carrying amount at 1 January	**3,886,000**	4,337,400
Transferred from completed properties held for sale *(note 22)*	**—**	16,255
Disposal	**—**	(33,839)
Net loss from a fair value adjustment	**(355,900)**	(433,816)
Carrying amount at 31 December	**3,530,100**	3,886,000

16. INVESTMENT PROPERTIES (Continued)

The Group's investment properties are situated in Chinese Mainland. The Group's investment properties were revalued on 31 December 2023 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent professionally qualified valuer, at RMB3,530,100,000 (2022: RMB3,886,000,000). The Group's senior finance manager and the chief financial officer decide, after approval from the board of directors of the Company, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior finance manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

Certain of the Group's investment properties with an aggregate carrying amounts of approximately RMB1,782,820,000 as at 31 December 2023 (2022: RMB2,199,346,000) have been pledged to secure bank and other borrowings granted to the Group (note 31).

Fair Value hierarchy

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

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

	Fair value measurement as at 31 December 2022 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Commercial properties				
Completed	—	—	3,886,000	3,886,000

16. INVESTMENT PROPERTIES (Continued)

Fair Value hierarchy (Continued)

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2022: Nil).

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

	Valuation technique	Significant unobservable inputs	Range or weighted average	
			2023	2022
Commercial properties	Income capitalisation method	Estimated rental value (RMB per sq.m. and per month)	**2–613**	12–435
		Capitalisation rate	**4.50%-5.50%**	5.0%-5.50%

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

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

17. INVESTMENTS IN JOINT VENTURES

	2023	2022
	RMB'000	*RMB'000*
Share of net assets	**397,117**	430,517

The Group's trade and other receivable and payable balances with joint ventures are disclosed in note 39 to the financial statements.

(a) Sichuan Ruiyuxiang Real Estate Development Co., Ltd. ("Sichuan Ruiyuxiang"), which was considered as a material joint venture of the Group for the year ended 31 December 2022, co-develops a property development project with another joint venture partner in Chinese Mainland and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Sichuan Ruiyuxiang adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2022
	RMB'000
Current assets	427,325
Current liabilities	(300,988)
Net assets	126,337
Reconciliation to the Group's interest in the joint venture:	
Proportion of the Group's ownership	61%
The Group's share of net assets of the joint venture	77,319
Revenue	57,884
Expenses	(59,338)
Net loss and total comprehensive loss for the year	(1,454)

Leshan Hengbang Real Estate Development Co., Ltd. ("Leshan Hengbang"), which was considered as a material joint venture of the Group for the year ended 31 December 2022, co-develops a property development project with another joint venture partner in Chinese Mainland and is accounted for using the equity method.

17. INVESTMENTS IN JOINT VENTURES (Continued)

(a) (Continued)

The following table illustrates the summarised financial information in respect of Leshan Hengbang adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2022 *RMB'000*
Current assets	247,309
Non-current assets	171,287
Current liabilities	(246,802)
Net assets	171,794
Reconciliation to the Group's interest in the joint venture:	
Proportion of the Group's ownership	48%
The Group's share of net assets of the joint venture	82,479
Revenue	5,389
Expenses	(11,980)
Net loss and total comprehensive loss for the year	(6,591)

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

	2023 ***RMB'000***	2022 *RMB'000*
Share of the joint ventures' profits and losses for the year	**12,200**	(140,161)
Share of the joint ventures' total comprehensive income/(loss)	**12,200**	(140,161)
Aggregate carrying amount of the Group's investments in the joint ventures	**397,117**	270,719

18. INVESTMENTS IN ASSOCIATES

	2023 RMB'000	2022 RMB'000
Share of net assets	**104,603**	106,934

The Group's trade and other receivable and payable balances with associates are disclosed in note 39 to the financial statements.

(a) Nanchong Jialiang Real Estate Development Co., Ltd. ("Nanchong Jialiang") and Nanchong Jingheng Real Estate Development Co., Ltd. ("Nanchong Jingheng"), which were considered as material associates of the Group for the year ended 31 December 2022, are strategic partners of the Group engaged in property development and are accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Nanchong Jialiang adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2022 RMB'000
Current assets	275,295
Current liabilities	(143,092)
Net assets	132,203
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	33%
Group's share of net assets of the associate	43,627
Revenue	—
Expenses	—
Net profit and total comprehensive income for the year	—

18. INVESTMENTS IN ASSOCIATES (Continued)

(a) (Continued)

The following table illustrates the summarised financial information in respect of Nanchong Jingheng adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2022 *RMB'000*
Current assets	348,927
Current liabilities	(188,012)
Net assets	160,915
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	33%
Group's share of net assets of the associate	53,102
Revenue	—
Expenses	(2,642)
Net loss and total comprehensive loss for the year	(2,642)

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

	2023 ***RMB'000***	2022 *RMB'000*
Share of the associates' profits and losses for the year	**(2,629)**	(15,550)
Share of the associate's total comprehensive loss	**(2,629)**	(15,550)
Carrying amount of the Group's investments in the associates	**104,603**	10,205

19. DEFERRED TAX

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

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000	Impairment of assets RMB'000	Accrued development cost RMB'000	Expenses for offsetting against future taxable profits RMB'000	Unrealised revenue in contract liabilities RMB'000	Accrued land value-added tax RMB'000	Lease liability RMB'000	Total RMB'000
At 1 January 2022	178,318	8,187	124,071	12,286	480,581	193,543	783	997,769
Acquisition of a subsidiary	268	—	—	—	—	—	—	268
Disposal of subsidiaries *(note 37)*	(17,620)	—	—	—	(15)	(24,445)	—	(42,080)
Deferred tax credited/(charged) to profit or loss during the year	15,919	65,252	29,277	(39)	(88,095)	40,365	4,790	67,469
At 31 December 2022 and 1 January 2023	**176,885**	**73,439**	**153,348**	**12,247**	**392,471**	**209,463**	**5,573**	**1,023,426**
Disposal of subsidiaries *(note 37)*	**(3,633)**	**—**	**(6,067)**	**—**	**(77,521)**	**—**	**—**	**(87,221)**
Deferred tax (charged)/credited to profit or loss during the year	**(9,483)**	**23,016**	**(124,192)**	**(1,644)**	**(33,182)**	**28,601**	**(2,566)**	**(119,450)**
Gross deferred tax assets at 31 December 2023	**163,769**	**96,455**	**23,089**	**10,603**	**281,768**	**238,064**	**3,007**	**816,755**

Deferred tax liabilities

	Fair value adjustments arising from investment properties RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2022	650,248	690	650,938
Deferred tax (credited)/charged to profit or loss during the year	(83,368)	4,724	(78,644)
At 31 December 2022 and 1 January 2023	**566,880**	**5,414**	**572,294**
Deferred tax (credited)/charged to profit or loss during the year	**(88,975)**	**6,611**	**(82,364)**
Gross deferred tax liabilities at 31 December 2023	**477,905**	**12,025**	**489,930**

19. DEFERRED TAX (Continued)

Deferred tax liabilities (Continued)

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

	2023 RMB'000	2022 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**779,512**	1,139,039
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(452,687)**	(687,907)

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

At 31 December 2022 and 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese mainland. In the opinion of the directors of the Company, the Group's fund will be retained in Chinese mainland for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. As at 31 December 2023, the aggregate amounts of temporary differences associated with investments in subsidiaries in Chinese mainland for which deferred tax liabilities have not been recognised totalled approximately RMB1,179,901,000 (2022: RMB4,275,152,000).

As at 31 December 2023, the Group had unutilised tax losses arising in the PRC of approximately RMB3,122,821,000 (2022: RMB1,645,153,000), that will expire in one to five years for offsetting against future taxable profits of the entities in which the losses arose. Deferred tax assets amounting to approximately RMB306,286,000 as at 31 December 2023 (2022: RMB3,445,417,000) have not been recognised in respect of the deductible temporary differences, as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RMB'000	2022 RMB'000
Unlisted fund investments, at fair value	**900**	3,000

The unlisted investments were wealth management products.

21. PROPERTIES UNDER DEVELOPMENT

	2023 RMB'000	2022 RMB'000
At the beginning of the year	**30,958,611**	39,768,610
Additions	**5,709,606**	8,808,563
Disposal of subsidiaries *(note 37)*	**(4,134,445)**	—
Transferred to completed properties held for sale *(note 22)*	**(16,626,872)**	(14,716,814)
Impairment losses recognised	**(605,118)**	(2,901,748)
At the end of the year	**15,301,782**	30,958,611

The Group's properties under development are situated on leaseholds land in Chinese Mainland.

As at 31 December 2023, certain of the Group's properties under development with an aggregate carrying amount of approximately RMB10,443,346,000 (2022: RMB13,789,986,000) have been pledged to secure bank and other borrowings granted to the Group (note 31).

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

	2023 RMB'000	2022 RMB'000
At the beginning of the year	**(2,901,748)**	—
Impairment losses recognised	**(605,118)**	(2,901,748)
Impairment losses transferred to properties held for sale *(note 22)*	**962,299**	—
Disposal of subsidiaries	**275,037**	—
At the end of the year	**(2,269,530)**	(2,901,748)

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

22. COMPLETED PROPERTIES HELD FOR SALE

	2023 RMB'000	2022 RMB'000
Carrying amount at the beginning of the year	**5,424,853**	3,792,932
Acquisition of subsidiaries	**—**	25,621
Disposal of subsidiaries *(note 37)*	**(456,454)**	(87,592)
Transferred to investment properties *(note 16)*	**—**	(16,255)
Transferred from properties under development *(note 21)*	**16,626,872**	14,716,814
Transferred to cost of sales	**(16,864,850)**	(12,673,470)
Impairment losses recognition	**(197,168)**	(344,124)
Impairment losses written off	**1,312,993**	10,927
Carrying amount at the end of the year	**5,846,246**	5,424,853

Certain of the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB21,728,000 as at 31 December 2023 (2022: RMB21,728,000) have been pledged to secure bank and other borrowings granted to the Group (note 31).

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

	2023 RMB'000	2022 RMB'000
At the beginning of the year	**(395,973)**	(62,776)
Impairment losses recognised	**(197,168)**	(344,124)
Transferred from properties under development *(note 21)*	**(962,299)**	—
Impairment losses written off	**1,312,993**	10,927
Disposal of subsidiaries	**104**	—
At the end of the year	**(242,343)**	(395,973)

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

23. TRADE RECEIVABLES

	2023 *RMB'000*	2022 *RMB'000*
Trade receivables	**41,332**	40,867

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

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

	2023 *RMB'000*	2022 *RMB'000*
Less than 1 year	**29,034**	38,766
Over 1 year	**12,298**	2,101
Total	**41,332**	40,867

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate of trade receivables is assessed to be 0.1%. Based on the evaluation on the expected loss rate and the gross carrying amount, the directors of the Company are of the opinion that the expected credit losses in respect of these balances are immaterial, and therefore, no provision has been made for a loss allowance.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 RMB'000	2022 RMB'000
Prepayments for construction cost	**21,844**	38,695
Other deposits	**423,803**	305,853
Other tax recoverable	**990,144**	1,157,299
Advance to staff	**6,409**	3,447
Due from non-controlling shareholders of the subsidiaries	**2,702,280**	3,993,005
Due from third parties	**—**	10,025
Other prepayments	**64,794**	23,394
Other receivables	**137,870**	54,216
Impairment	**(96,445)**	(96,146)
Total	**4,250,699**	5,489,788

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

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

	2023 RMB'000	2022 RMB'000
At the beginning of the year	**96,146**	79,737
Impairment losses recognised, net *(note 6)*	**299**	16,409
At the end of the year	**96,445**	96,146

25. OTHER CURRENT ASSETS

	2023 RMB'000	2022 RMB'000
Deferred commission for agents	**119,351**	723,750

26. OTHER NON-CURRENT ASSETS

	2023 RMB'000	2022 RMB'000
Deposits for property developments	**143,730**	215,073

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

	2023 RMB'000	2022 RMB'000
Cash and bank balances	**2,006,596**	3,656,925
Less: Restricted cash	**598,800**	934,284
Pledged deposits	**96,432**	126,677
Cash and cash equivalents	**1,311,364**	2,595,964
Denominated in RMB	**1,311,239**	2,595,831
Denominated in HK$	**4**	4
Denominated in US$	**117**	125
Denominated in AUD	**4**	4
	1,311,364	2,595,964

In accordance with relevant government requirements, certain property development companies of the Group are required to place, in designated bank accounts, a certain amount of pre-sale proceeds as guarantee deposits for the construction of the related properties. The restricted cash can only be used for payments for construction costs of the relevant properties when approval from the related government authority is obtained. Such restricted cash will be released after the completion of construction of the related properties. As at 31 December 2023, such restricted cash amounted to RMB511,896,000 (2022: RMB861,529,000). As at 31 December 2023, the restricted cash amounting to RMB86,904,000 was frozen by the People's Court due to lawsuits (2022: RMB72,755,000).

As at 31 December 2023, bank deposits of RMB96,432,000 were pledged as security for purchasers' mortgage loans (2022: RMB126,677,000).

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

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

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

As at 31 December 2023, the internal credit rating of restricted cash, pledged deposits and cash and cash equivalents was regarded as the grade of performing. The Group has assessed that the credit risk of the restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on the 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

28. TRADE AND BILLS PAYABLES

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

	2023	2022
	RMB'000	*RMB'000*
Less than 1 year	**4,584,071**	6,373,813
Over 1 year	**929,246**	443,124
	5,513,317	6,816,937

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

29. OTHER PAYABLES AND ACCRUALS

	2023	2022
	RMB'000	*RMB'000*
Deposits related to construction	**676,161**	520,553
Advance from non-controlling shareholders of subsidiaries	**1,046,145**	1,894,960
Maintenance fund	**37,096**	23,511
Advance from third parties	**178,453**	1,348
Payroll and welfare payable	**56,727**	55,712
Tax and surcharges	**230,854**	57,555
Deposits related to the sale of properties	**58,545**	54,834
Interest payable	**356,466**	79,232
Share consideration payable	**823,989**	841,962
Accrued liabilities	**7,368**	55,838
Payable related to land acquisition	**218,894**	267,894
Others	**76,888**	35,415
	3,767,586	3,888,814

30. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	2023 RMB'000	2022 RMB'000
Contract liabilities	**11,887,470**	25,943,890

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2023			31 December 2022		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current						
Current portion of long term bank loans — secured	**4.51–9.13**	**2024**	**1,178,166**	4.78–9.88	2023	2,144,621
Current portion of long term bank loans — secured	**4–5.12**	**on demand**	**886,711**	—	—	—
Current portion of long term other loans — secured	**10.06–11.5**	**2024**	**1,123,130**	8.26–13.45	2023/ on demand	1,541,712
Current portion of long term other loans — secured	**11.88**	**on demand**	**896,140**	14.01	on demand	135,000
Total-current			**4,084,147**			3,821,333
Non-current						
Bank loans — secured	**4.70–8.41**	**2025–2035**	**1,954,641**	5.60–9.88	2024–2035	3,156,543
Other loans — secured	**8.27–9.93**	**2025–2026**	**186,709**	8.26–13.45	2024–2026	1,235,230
Total-non-current			**2,141,350**			4,391,773
Total			**6,225,497**			8,213,106

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

Bank and other borrowings

	2023 RMB'000	2022 RMB'000
Analysed into:		
Repayable within one year or on-demand	**4,084,147**	3,821,333
Repayable in the second year	**403,441**	2,170,232
Repayable in the third to fifth years, inclusive	**170,584**	1,061,938
Repayable beyond five years	**1,567,325**	1,159,603
	6,225,497	8,213,106

As at 31 December 2023, an aggregate principal amount of RMB712,000,000 for certain interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment dates. In addition, as at 31 December 2023, the Group was in default of certain senior notes (note 32). Pursuant to some of the loan agreements of the Group, any default under the Group's senior notes or borrowings will trigger the cross-default resulting in the relevant borrowings becoming repayable on demand, causing interest-bearing bank and other borrowing with a total principal amount of RMB1,070,851,000 becoming cross-defaulted (the "cross-default borrowings") and repayable on demand if requested by lenders. All cross-default borrowings are presented under current liabilities in the Group's consolidated statement of financial position as at 31 December 2023.

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

	Notes	2023 RMB'000	2022 RMB'000
Property, plant and equipment	*13*	**85,095**	90,396
Land use right	*15*	**16,922**	17,620
Investment properties	*16*	**1,782,820**	2,199,346
Properties under development	*21*	**10,443,346**	13,789,986
Completed properties held for sale	*22*	**21,728**	21,728
		12,349,911	16,119,076

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

Bank and other borrowings (Continued)

As at 31 December 2023, certain of the Group's bank and other borrowings with an aggregate amount of RMB3,626,560,000 were secured by share charges in respect of the equity interests of certain subsidiaries of the Group (2022: RMB4,909,785,000).

32. SENIOR NOTES

	31 December 2023				31 December 2022			
	Principal at original currency US$'000	Contractual interest rate (%)	Maturity	RMB'000	Principal at original currency US$'000	Contractual interest rate (%)	Maturity	RMB'000
Senior notes due 2022 ("2022 notes I")	**2,966**	**12**	**June 2022**	**21,007**	2,966	12.0	June 2022	20,657
Senior notes due 2023 ("2023 notes I")	**119,430**	**12**	**June 2023**	**839,097**	119,430	12.0	June 2023	825,161
Total Current				**860,104**				845,818

	31 December 2023 RMB'000	31 December 2022 RMB'000
The Group's senior notes were repayable as follows:		
Repayable within one year	**860,104**	845,818

As at 31 December 2023, the Group had not repaid an aggregate principal amount of RMB860,104,000 for certain senior notes according to their scheduled repayment dates, giving rise to certain interest-bearing bank and other borrowings with a total amount of RMB207,140,000 becoming cross-defaulted.

33. SHARE CAPITAL

	31 December 2023	31 December 2022
Issued and fully paid:	**1,026,945,000**	1,026,945,000

	RMB'000	RMB'000
1,026,945,000 ordinary shares of HK$0.01 each	**8,670**	8,670

34. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2022 and 2023 are presented in the consolidated statements of changes in equity.

(a) Share premium

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

(b) Merger reserve

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

(c) Statutory surplus reserve

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

(d) Capital reserve

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

(e) Other reserve

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

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group did not have any cash additions to right-of-use assets and lease liabilities (2022: RMB18,071,000) in respect of lease arrangements for leased properties.

(b) Changes in liabilities arising from financing activities:

	Interest-bearing bank and other borrowings RMB'000	Due to related companies RMB'000	Senior notes RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2022	11,017,654	525,868	950,991	6,220	12,500,733
Cash flows used in financing activities	(2,805,447)	—	(105,173)	(7,245)	(2,917,865)
Cash flows used in non-financing activities	—	(22,148)	—	—	(22,148)
New leases	—	—	—	18,071	18,071
Accrual of interest	900	—	—	1,084	1,984
At 31 December 2022	**8,213,107**	**503,720**	**845,818**	**18,130**	**9,580,775**
Cash flows used in financing activities	**(1,740,205)**	**—**	**—**	**(6,885)**	**(1,747,090)**
Cash flows from non-financing activities	**—**	**94,589**	**—**	**—**	**94,589**
Decrease from disposal of subsidiaries	**(211,716)**	**—**	**—**	**—**	**(211,716)**
Non-cash changes	**(35,689)**	**—**	**14,286**	**785**	**(20,618)**
At 31 December 2023	**6,225,497**	**598,309**	**860,104**	**12,030**	**7,695,940**

(c) Total cash outflow for leases

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

	2023 RMB'000	2022 RMB'000
Within operating activities	**2,257**	2,257
Within financing activities	**6,885**	7,245
	9,142	9,502

36. CONTINGENT LIABILITIES

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

	Notes	2023 RMB'000	2022 RMB'000
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	(1)	**11,576,527**	15,170,056
Guarantees given to banks and other institutions in connection with facilities granted to related parties	(2)	**120,000**	124,980

Notes:

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

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

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

The Group did not incur any material losses during the reporting period in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's completed properties held for sale. The directors of the Company considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore, no provision has been made in connection with the guarantees.

(2) The Group provided guarantees to banks and other institutions in connection with borrowings made to the related companies. The directors of the Company consider that no provision is needed in respect of the guarantees since the fair value is not significant. Further details are included in note 39.

37. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2023

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

37. DISPOSAL OF SUBSIDIARIES (Continued)

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

	2023	2022
	RMB'000	*RMB'000*
Net assets disposed of:		
Property, plant and equipment *(note 13)*	**422**	—
Deferred tax assets *(note 19)*	**87,221**	42,080
Properties under development *(note 21)*	**4,134,445**	—
Completed properties held for sale *(note 22)*	**456,454**	87,592
Tax recoverable	**30,722**	1
Cash and cash equivalents	**424,198**	384
Prepayments and other receivables	**2,871,222**	892,325
Trade and bills receivables	**20,182**	601
Pledged deposits	**—**	4,644
Trade and bills payables	**(439,469)**	(96,042)
Contract liabilities	**(3,337,473)**	—
Interest-bearing bank and other borrowings	**(211,716)**	—
Tax payable	**(53,633)**	(159,505)
Other payables and accruals	**(3,757,890)**	(530,345)
Non-controlling interests	**(99,033)**	(222,019)
Subtotal	**125,652**	19,716
Transferred to interests held and classified as associates and joint ventures	**298**	6,052
Gain/(loss) on disposal of subsidiaries *(note 6)*	**32,042**	(3,714)
Total consideration	**157,992**	22,054
Satisfied by		
Cash	**157,992**	9,950
Other receivables	**—**	12,104

37. DISPOSAL OF SUBSIDIARIES (Continued)

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

	2023 RMB'000	2022 RMB'000
Cash consideration	**157,992**	9,950
Cash and cash equivalents disposed of	**(424,198)**	(384)
Net (outflow)/inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**(266,206)**	9,566

38. COMMITMENTS

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

	2023 RMB'000	2022 RMB'000
Property development activities	**11,942,732**	11,474,314

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

	2023 RMB'000	2022 RMB'000
Capital contributions to joint ventures	**203,309**	203,309

39. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

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

	2023	2022
	RMB'000	*RMB'000*
Advances from related companies:		
Associates	**66,649**	1,373,875
Joint ventures	**354,864**	133,450
Repayment of advances from related companies:		
Associates	**143,261**	1,262,356
Joint ventures	**54,820**	271,415
Advances to related companies:		
Associates	**736**	643,380
Joint ventures	**461,117**	274,700
Repayment of advances to related companies:		
Associates	**194,265**	1,084,261
Joint ventures	**612,525**	315,490
Shareholders	**—**	1

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

	2023	2022
	RMB'000	*RMB'000*
Rental income from companies controlled by the shareholders* *(note1)*	**—**	187
Property management fee to companies controlled by the shareholders* *(note1)*	**68,880**	111,572
Management consulting service income from joint ventures and associates* *(note1)*	**7,665**	7,665
Project management fee to companies controlled by the controlling shareholder* *(note1)*	**1,657**	20,560
Raw materials purchased from companies controlled by certain directors and/or their close family members* *(note1)*	**1,268**	52

Note1: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties incurred.

* The related party transactions above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

39. RELATED PARTY TRANSACTIONS (Continued)

(2) Other transactions with related parties

As at 31 December 2023, the Group has guaranteed certain of the bank and other borrowings made to its joint ventures up to RMB120,000,000 (31 December 2022: RMB124,980,000).

(3) Outstanding balances with related parties

	2023 RMB'000	2022 RMB'000
Balances relating to non-operating activities		
Due from related parties:		
Associates	**181,375**	374,904
Joint ventures	**621,923**	782,332
	803,298	1,157,236
Due to related parties:		
Associates	**34,907**	111,519
Joint ventures	**536,050**	236,006
	570,957	347,525
Balances relating to operating activities		
Due from related parties:		
Joint ventures	**10,027**	8,172
Companies controlled by the then parent company	**—**	2,382
	10,027	10,554
Due to related parties:		
Companies controlled by the then parent company	**9,169**	4,401
Companies controlled by the shareholders	**17,052**	150,811
Companies controlled by certain directors and/or their close family members	**1,131**	983
	27,352	156,195

The Group performs impairment assessment under ECL model on due from related parties, which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

39. RELATED PARTY TRANSACTIONS (Continued)

(3) Outstanding balances with related parties (Continued)

Balances with the above related parties were unsecured, non-interest-bearing and repayable on demand.

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

	2023 *RMB'000*	2022 *RMB'000*
Short-term employee benefits	**6,046**	10,843
Pension scheme contributions	**106**	645
Total compensation paid to key management personnel	**6,152**	11,488

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

40. FINANCIAL INSTRUMENTS BY CATEGORY

31 December 2023

Financial assets

	Financial assets at amortised cost *RMB'000*	Financial assets at FVTPL *RMB'000*	Total *RMB'000*
Financial assets included in prepayments, deposits and other receivables	**2,846,559**	**—**	**2,846,559**
Trade receivables	**41,332**	**—**	**41,332**
Due from related companies	**813,325**	**—**	**813,325**
Financial assets at fair value through profit or loss	**—**	**900**	**900**
Restricted cash	**598,800**	**—**	**598,800**
Pledged deposits	**96,432**	**—**	**96,432**
Cash and cash equivalents	**1,311,364**	**—**	**1,311,364**
	5,707,812	**900**	**5,708,712**

40. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

31 December 2023 (Continued)

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Trade and bills payables	**5,513,317**
Financial liabilities included in other payables and accruals	**1,657,952**
Interest-bearing bank and other borrowings	**6,225,497**
Lease liabilities	**12,030**
Senior notes	**860,104**
Due to related companies	**598,309**
	14,867,209

31 December 2022

Financial assets

	Financial assets at amortised cost *RMB'000*	Financial assets at FVTPL *RMB'000*	Total *RMB'000*
Financial assets included in prepayments, deposits and other receivables	4,266,953	—	4,266,953
Trade receivables	40,867	—	40,867
Due from related companies	1,167,790	—	1,167,790
Financial assets at fair value through profit or loss	—	3,000	3,000
Restricted cash	934,284	—	934,284
Pledged deposits	126,677	—	126,677
Cash and cash equivalents	2,595,964	—	2,595,964
	9,132,535	3,000	9,135,535

40. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

31 December 2022 (Continued)

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Trade and bills payables	6,816,937
Financial liabilities included in other payables and accruals	3,108,907
Interest-bearing bank and other borrowings	8,213,106
Lease liabilities	18,130
Senior notes	845,818
Due to related companies	503,720
	19,506,618

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*	**31 December 2023** *RMB'000*	31 December 2022 *RMB'000*
Financial liabilities				
Interest-bearing bank and other borrowings	**6,225,497**	8,213,106	**6,167,970**	8,259,456
Senior notes	**860,104**	845,818	**210,823**	228,585
	7,085,601	9,058,924	**6,378,793**	8,488,041

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, amounts due from related companies, trade receivables, financial assets included in prepayments and other receivables, trade and bills payables, senior notes, financial liabilities included in other payables and accruals and amounts due to related companies approximate to their carrying amounts largely due to the short-term maturities of these instruments.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

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

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

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

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

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

(a) Interest rate risk

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

If the interest rate of bank and other borrowings had increased/decreased by 1% and all other variables are held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB15,052,000 and RMB20,754,000 for the years ended 31 December 2023 and 2022, respectively.

(b) Foreign currency risk

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

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

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

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Foreign currency risk (Continued)

	Increase/ (decrease) in rate %	(Increase)/ decrease in loss before tax RMB'000
2023		
If the RMB weakens against the US$	**(5%)**	**(43,020)**
If the RMB strengthens against the US$	**5%**	**43,020**
If the RMB weakens against the HK$	**(5%)**	**(78)**
If the RMB strengthens against the HK$	**5%**	**78**
2022		
If the RMB weakens against the US$	(5%)	(42,289)
If the RMB strengthens against the US$	5%	42,289
If the RMB weakens against the HK$	(5%)	5
If the RMB strengthens against the HK$	5%	(5)

(c) Credit risk

The Group classifies financial instruments on the basis of shared credit risk characteristics, such as the instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the Group's counterparties. The credit period granted to the customers is generally from one to twelve months and the credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

The Group applies the 12-month expected loss approach to provide for expected credit losses prescribed by IFRS 9, and the Group accounts for its credit risk by appropriately providing for the expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for other receivables and adjusts for forward-looking macroeconomic data. The Group applies the lifetime expected loss approach to financial assets that are credit-impaired at the reporting date, but that are not purchased or originated credit-impaired. The expected loss rate of these receivables is assessed to be 100%.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

Maximum exposure and year-end staging

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

31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	41,332	41,332
Financial assets included in prepayments and other receivables					
— Normal**	2,761,480	—	—	—	2,761,480
— Doubtful**	—	—	85,079	—	85,079
Due from related companies					
— Normal**	813,325	—	—	—	813,325
Restricted cash					
— Not yet past due	598,800	—	—	—	598,800
Pledged deposits					
— Not yet past due	96,432	—	—	—	96,432
Cash and cash equivalents					
— Not yet past due	1,311,364	—	—	—	1,311,364
Guarantees given to banks and other institutions in connection with facilities granted to related parties					
— Not yet past due	120,000	—	—	—	120,000
	5,701,401	—	85,079	41,332	5,827,812

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

31 December 2022

	12-month ECLs		Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	40,867	40,867
Financial assets included in prepayments and other receivables					
— Normal**	4,266,953	—	—	—	4,266,953
— Doubtful**	—	—	85,079	—	85,079
Due from related companies					
— Normal**	1,167,790	—	—	—	1,167,790
Restricted cash					
— Not yet past due	934,284	—	—	—	934,284
Pledged deposits					
— Not yet past due	126,677	—	—	—	126,677
Cash and cash equivalents					
— Not yet past due	2,595,964	—	—	—	2,595,964
Guarantees given to banks and other institutions in connection with facilities granted to related parties					
— Not yet past due	124,980	—	—	—	124,980
	9,216,648	—	85,079	40,867	9,342,594

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

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

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk

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

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

	On demand *RMB'000*	**Less than 3 months** *RMB'000*	**3 to 12 months** *RMB'000*	**Over 1 year** *RMB'000*	**Total** *RMB'000*
31 December 2023					
Interest-bearing bank and other borrowings	**1,453,851**	**238,732**	**2,553,415**	**2,989,355**	**7,235,353**
Trade and bills payables	**4,518,607**	**400**	**41,465**	**952,846**	**5,513,318**
Financial liabilities included in other payables and accruals	**1,657,954**	**—**	**—**	**—**	**1,657,954**
Guarantees given to banks in connection with facilities granted to related parties	**—**	**—**	**120,000**	**—**	**120,000**
Lease liabilities	**558**	**1,051**	**2,056**	**9,228**	**12,893**
Senior notes	**860,104**	**—**	**—**	**—**	**860,104**
Due to related companies	**1,151,007**	**—**	**—**	**—**	**1,151,007**
	9,642,081	**240,183**	**2,716,936**	**3,951,429**	**16,550,629**

	On demand *RMB'000*	Less than 3 months *RMB'000*	3 to 12 months *RMB'000*	Over 1 year *RMB'000*	Total *RMB'000*
31 December 2022					
Interest-bearing bank and other borrowings	408,602	304,643	3,772,379	5,464,695	9,950,319
Trade and bills payables	6,701,269	64,781	50,887	—	6,816,937
Financial liabilities included in other payables and accruals	3,108,907	—	—	—	3,108,907
Guarantees given to banks in connection with facilities granted to related parties	—	—	124,980	—	124,980
Lease liabilities	731	1,379	4,829	12,893	19,832
Senior notes	947,018	—	—	—	947,018
Due to related companies	—	503,720	—	—	503,720
	11,166,527	874,523	3,953,075	5,477,588	21,471,713

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Capital management

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

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

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

	2023 ***RMB'000***	2022 *RMB'000*
Trade and bills payables	**5,536,918**	6,816,937
Other payables and accruals	**3,767,586**	3,888,814
Interest-bearing bank and other borrowings	**6,225,497**	8,213,106
Due to related companies	**598,309**	503,720
Senior notes	**860,104**	845,818
Lease liabilities	**12,030**	18,130
Less: Cash and cash equivalents	**1,450,339**	2,595,964
Net debt	**15,550,105**	17,690,561
Equity attributable to owners of the parent	**2,269,096**	3,744,413
Capital and net debt	**17,819,201**	21,434,974
Gearing ratio	**87.27%**	83.00%

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

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

31 December 2023

	Percentage of equity interest held by non-controlling interests *%*	Profit/(loss) for the year allocated to non-controlling interests *RMB'000*	Accumulated balances of non-controlling interests *RMB'000*
Mianyang Hongyuan	**50%**	**89,246**	**150,226**
Chengdu Rundeyinghe	**50%**	**326,619**	**9,602**

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

	Mianyang Hongyuan *RMB'000*	Chengdu Rundeyinghe *RMB'000*
Revenue	**1,146,660**	**1,409,036**
Total expenses	**(997,890)**	**(878,434)**
Income tax expense	**(59,524)**	**(203,983)**
Profit and total comprehensive income for the year	**89,246**	**326,619**
Current assets	**724,085**	**1,548,834**
Non-current assets	**5,327**	**25,859**
Current liabilities	**(428,961)**	**(1,555,489)**
Net cash flows used in operating activities	**(6,097)**	**(120,431)**
Net cash flows used in investing activities	**(1,897)**	**(1,780)**
Net decrease in cash and cash equivalents	**(7,994)**	**(122,211)**

43. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

Details of the Group's subsidiaries that have material non-controlling interests are set out below: (continued)

31 December 2022

	Percentage of equity interest held by non-controlling interests %	Profit/(loss) for the year allocated to non-controlling interests *RMB'000*	Accumulated balances of non-controlling interests *RMB'000*
Jilin Leading	45%	(26,855)	177,602
Nanchong Yuandi	55%	(142,824)	(161,486)
Mianyang Hongyuan	50%	97,445	105,603
Yibin Chuanruida	45%	(132,171)	(133,144)

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

	Jilin Leading *RMB'000*	Nanchong Yuandi *RMB'000*	Mianyang Hongyuan *RMB'000*	Yibin Chuanruida *RMB'000*
Revenue	7,184	475	1,078,731	663
Expenses	(78,741)	(260,155)	(814,232)	(294,377)
Income tax credit/(expense)	11,880	—	(69,609)	—
(Loss)/profit and total comprehensive (loss)/income for the year	(59,677)	(259,680)	194,890	(293,714)
Current assets	110,234	1,161,691	1,639,066	1,845,977
Non-current assets	560,078	21,670	51,834	26,756
Current liabilities	(258,894)	(1,476,972)	(1,479,694)	(2,168,608)
Non-current liabilities	(16,746)	—	—	—
Net cash flows (used in)/from operating activities	(13,083)	182,794	127,892	300,836
Net cash flows used in financing activities	—	(147,233)	(127,483)	(273,799)
Net (decrease)/increase in cash and cash equivalents	(13,083)	35,561	409	27,037

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 *RMB'000*	2022 *RMB'000*
NON-CURRENT ASSETS		
Investments in subsidiaries	**35,511**	35,511
Total non-current assets	**35,511**	35,511
CURRENT ASSETS		
Cash and cash equivalents	**32**	35
Prepayments and other receivables	**149,381**	17
Due from subsidiaries	**1,931,757**	2,056,663
Total current assets	**2,081,170**	2,056,715
CURRENT LIABILITIES		
Senior notes	**860,104**	845,818
Other payables and accruals	**154,050**	51,016
Total current liabilities	**1,014,154**	896,834
NET CURRENT ASSETS	**1,067,016**	1,159,881
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,102,527**	1,195,392
Net assets	**1,102,527**	1,195,392
EQUITY		
Share capital	**8,670**	8,670
Reserves *(note)*	**1,093,857**	1,186,722
Total equity	**1,102,527**	1,195,392

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium *RMB'000*	Capital reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at 31 December 2021 and 1 January 2022	1,279,392	35,511	(100,267)	1,214,636
Loss and total comprehensive loss for the year	—	—	(27,914)	(27,914)
Balance at 31 December 2022	**1,279,392**	**35,511**	**(128,181)**	**1,186,722**
Loss and total comprehensive loss for the year	**—**	**—**	**(92,865)**	**(92,865)**
Balance at 31 December 2023	**1,279,392**	**35,511**	**(221,046)**	**1,093,857**

45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2024.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December				
	2023	2022	2021	2020	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
CONTINUING OPERATIONS REVENUE	**18,493,524**	13,978,807	15,054,693	13,158,083	7,568,164
Cost of sales	**(16,727,734)**	(15,978,385)	(12,146,556)	(9,601,853)	(5,465,778)
GROSS PROFIT	**1,765,790**	(1,999,578)	2,908,137	3,556,230	2,102,386
Other income and gains	**85,091**	81,138	157,831	74,585	44,826
Selling and distribution expenses	**(1,013,184)**	(938,068)	(933,430)	(649,740)	(400,004)
Administrative expenses	**(294,754)**	(476,564)	(651,426)	(573,296)	(532,747)
Other expenses	**(39,571)**	(111,299)	(62,315)	(22,975)	(13,667)
Fair value losses on investment properties, net	**(355,900)**	(433,816)	2,000	(49,276)	160,840
Finance costs	**(262,376)**	(459,326)	(295,189)	(306,540)	(230,381)
Share of profits and losses of:					
Joint ventures	**12,200**	(144,215)	104,945	(29,824)	3,758
Associates	**(2,629)**	(16,421)	5,597	17,196	(7,046)
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**(105,333)**	(4,498,149)	1,236,150	2,016,360	1,127,965
Income tax expense	**(880,205)**	(599,733)	(599,401)	(955,792)	(469,688)
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**(985,538)**	(5,097,882)	636,749	1,060,568	658,277
Profit for the year from discontinued operations	**—**	—	—	—	14,036
(LOSS)/PROFIT FOR THE YEAR	**(985,538)**	(5,097,882)	636,749	1,060,568	672,313
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**—**	—	—	—	—
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR	**(985,538)**	(5,097,882)	636,749	1,060,568	672,313
Attributable to:					
Owner of the parent	**(1,319,083)**	(4,149,888)	488,449	860,311	544,825
Non-controlling interests	**333,545**	(947,994)	148,300	200,257	127,488
	(985,538)	(5,097,882)	636,749	1,060,568	672,313
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted	**RMB(1.28)**	RMB (4.04)	RMB0.48	RMB1.12	N/A

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
ASSETS					
Non-current assets	**5,167,062**	6,018,359	6,865,826	7,189,458	6,366,177
Current assets	**28,879,709**	48,005,628	57,568,775	52,883,712	35,683,949
LIABILITIES					
Non-current liabilities	**2,602,576**	5,091,709	8,633,858	10,939,978	6,709,673
Current liabilities	**28,809,312**	43,490,538	44,968,715	39,863,120	29,280,706
NET ASSETS	**2,634,883**	5,441,740	10,832,028	9,270,072	6,059,747
EQUITY					
Equity attributable to owners of the parent					
Share capital	**8,670**	8,670	8,670	8,446	1
Reserves	**2,260,427**	3,735,743	7,872,142	7,241,954	5,227,219
	2,269,097	3,744,413	7,880,812	7,250,400	5,227,220
Non-controlling interests	**365,786**	1,697,327	2,951,216	2,019,672	832,527
TOTAL EQUITY	**2,634,883**	5,441,740	10,832,028	9,270,072	6,059,747